

The NATIONAL UNDERWRITER



Holiday
Greetings

THE American Insurance Group



Newark



New Jersey

THE AMERICAN INSURANCE COMPANY

THE COLUMBIA FIRE INSURANCE COMPANY

THE JERSEY FIRE UNDERWRITERS

BANKERS INDEMNITY INSURANCE COMPANY

DIXIE FIRE INSURANCE COMPANY

THURSDAY, DECEMBER 14, 1939

Christmas 1939

As young Americans grow
and develop in the freedom
of our beloved country let
us help them value and
guard their priceless heritage.

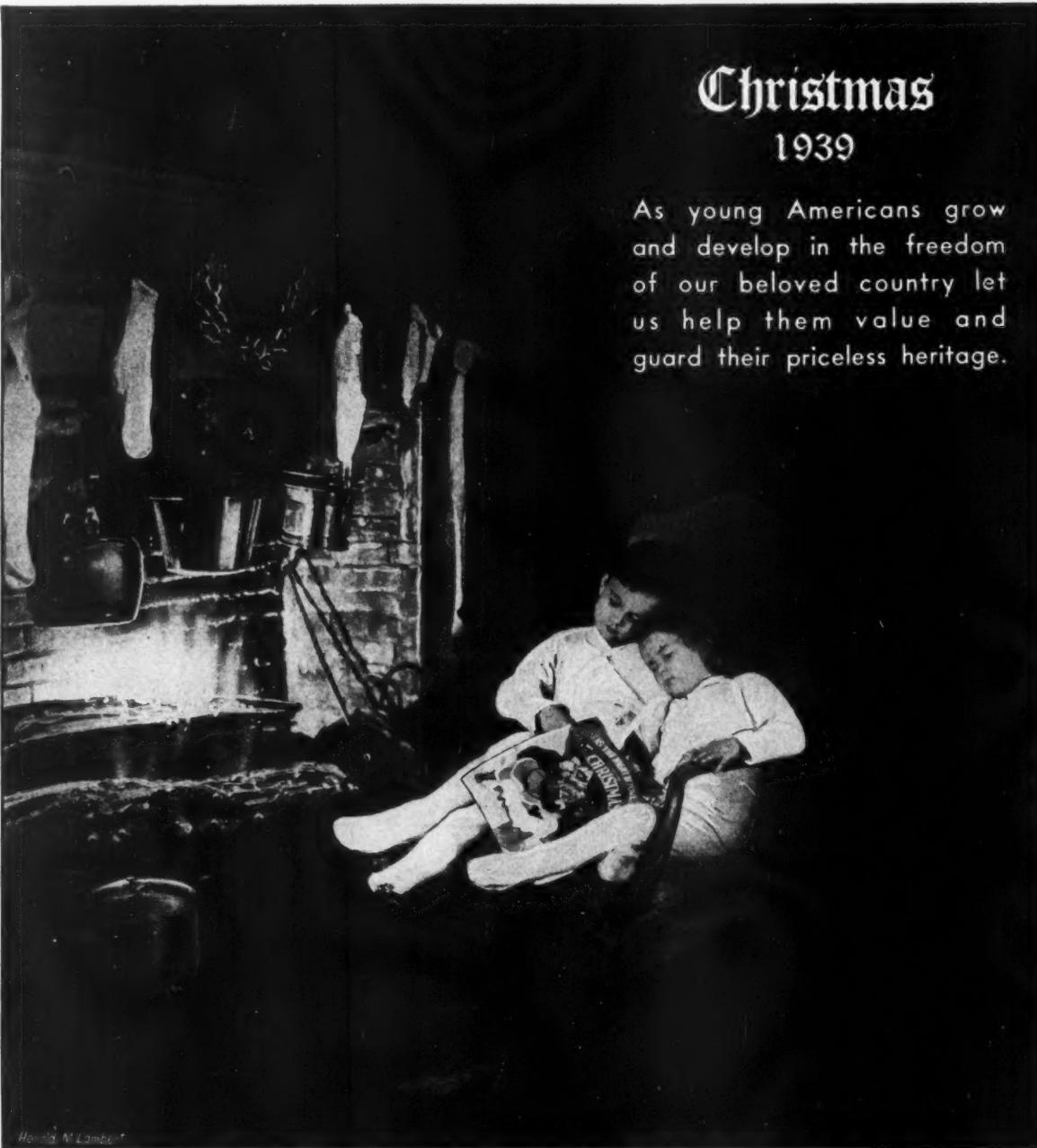


Photo by N. L. Lambert



Firemen's Insurance Company of Newark, N. J.
The Girard Fire & Marine Insurance Company
National-Bon Franklin Fire Insurance Company
The Concordia Fire Insurance Co. of Milwaukee

Milwaukee Mechanics' Insurance Company
Pittsburgh Underwriters • Keystone Underwriters
The Metropolitan Casualty Insurance Co. of N. Y.
Commercial Casualty Insurance Company

Western Department
844 Rush St.
Chicago, Illinois

Southwestern Dept.
912 Commerce St.
Dallas, Texas

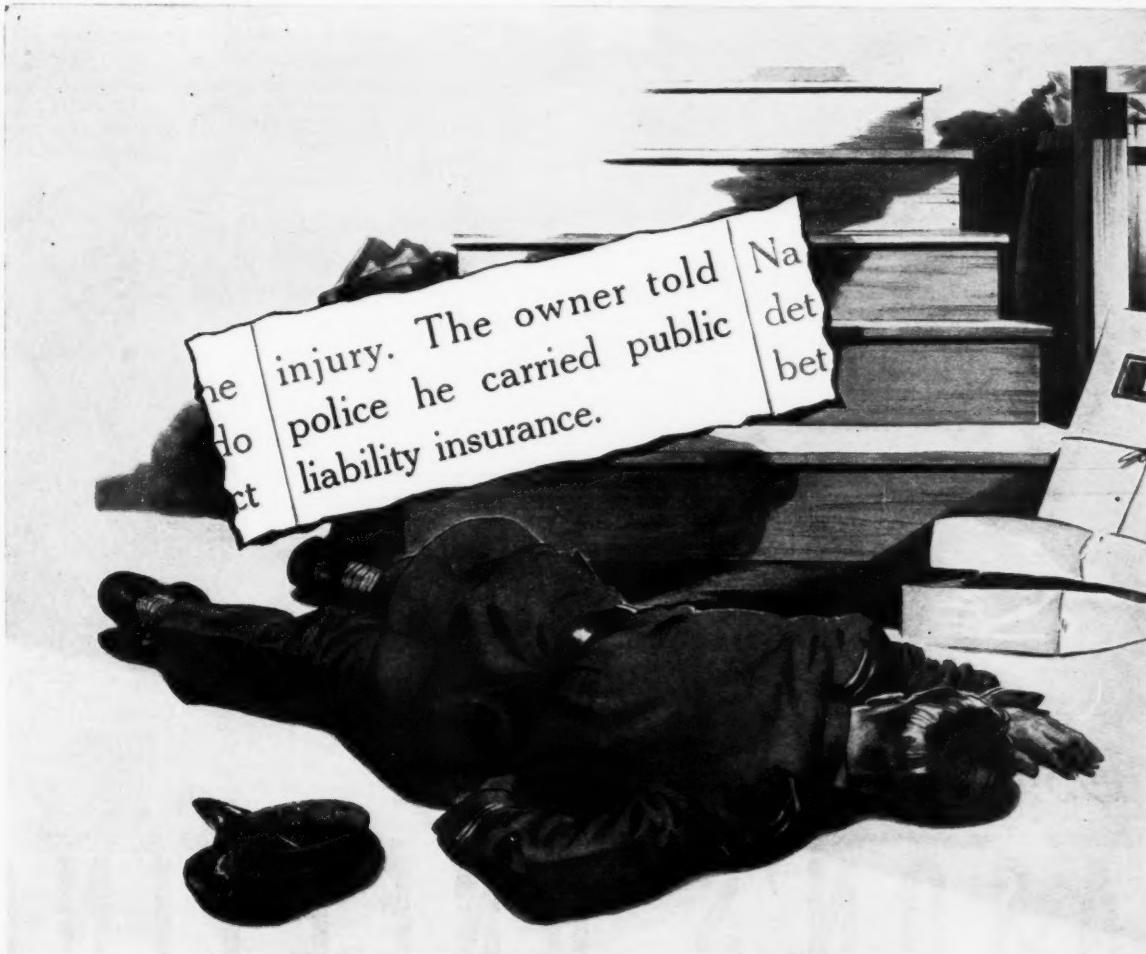
Pacific Department
220 Bush St.
San Francisco, Calif.

HOME OFFICE
10 Park Place
Newark, New Jersey

Foreign Department
111 John St.
New York, New York

Canadian Departments
461 Bay St., Toronto, Ontario
404 West Hastings St., Vancouver, B. C.

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Loyalty Group
INSURANCE



Yes, but only because of You . .

The owner just couldn't see O. L. & T. "Let the people who come on my property look out for themselves," he said. But you finally made him see it your way.

Yes—he's thanked you for convincing him—and for the prompt and equitable way in which the U. S. F. & G. settled the claim.

★ ★ ★

There's satisfaction in solving the insurance problems of your prospects and policyholders. To help you do this, we support your efforts with a record for prompt and equitable settlement of claims which is convincing when you are selling and satisfying when adjustment is made.

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U.S.F.&G.

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with which is affiliated
 FIDELITY & GUARANTY FIRE CORPORATION
 HOME OFFICES: BALTIMORE



1939 • 1940

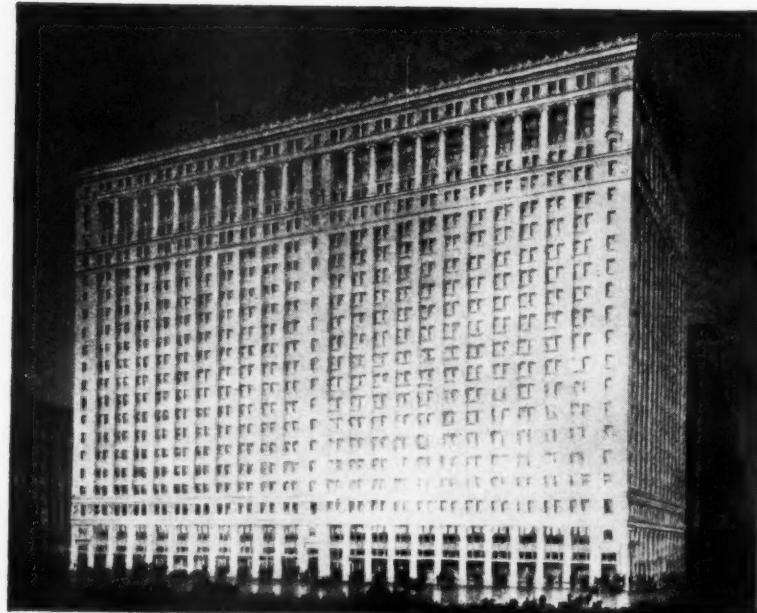
SEASON'S GREETINGS

from the

"CITY OF SURETY"



R. C. SWANSON
Manager



INSURANCE EXCHANGE BUILDING
175 WEST JACKSON BOULEVARD
CHICAGO

Forty-third Year—No. 50

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, DEC. 14, 1939

\$4.00 Year, 20 Cents a Copy

War Risk Problems Are Analyzed by Buyers

Many Points Elucidated
at Session by
Cauchois and Klein

NEW YORK—R. W. Cauchois, partner of Johnson & Higgins, New York, technical adviser in the war risk conference of the American Management Association, said that there should be a very definite understanding between exporter and buyer as to insurance arrangements, since these arrangements may have to be completely at variance with previous trade practices. He recalled a case from the last war in which a buyer specified that insurance should be bought but did not say what kind. No war risk coverage was placed on the shipment which was to Canada. The ship met the "U-53" and was sunk. The buyer won the resulting suit against the shipper.

Some one asked whether the British government war risk pool requires a warranty that the goods covered are not destined ultimately for Great Britain's enemies. Since in the case of goods going to neutral countries this fact is extremely difficult to prove, Mr. Cauchois said that those who have studied the British insurance plan have usually found it better to buy in the American market in such cases, even though the rate is 6 percent as against the British government's 1½ percent.

American Pool Unprofitable

Mr. Cauchois agreed with a report quoted by the session chairman, J. H. Thomas, Jr., insurance manager General Foods Corporation, that estimated losses so far in the American pool have exceeded premiums. Mr. Cauchois recalled that in the earlier world war many sinkings by German sea raiders took a long time to come to light and that consequently it may be a similarly long time before the American pool's losses are known in full.

One question on which Mr. Cauchois and all the other marine experts present confessed themselves stumped was what recourse shippers have who had cargoes on the "City of Flint."

"That is a question that has got admiralty lawyers turning handsprings," said Mr. Cauchois.

Corrects Mistaken Impression

Endeavoring to correct a widespread but entirely erroneous impression, Mr. Cauchois said there is absolutely no restriction in the United States neutrality laws restraining shippers from using American insurance facilities on shipments abroad. He said that insurance is not mentioned in the law nor has the state department issued any ruling.

Commenting on proposals that are under way for the United States gov-

(CONTINUED ON PAGE 33)

Finance Executive Presents Position

Speaks Before Committee
of the National Association
of Commissioners

Commissioner Blackall of Connecticut, chairman of the National Association of Insurance Commissioners committee to investigate the automobile finance situation had a meeting at the Edgewater Park mid-year gathering. Evidently the insurance companies themselves have not made much progress in solving the finance company commission situation. Commissioner Blackall called attention to the fact that specialty companies were organized to handle finance business and some of the finance companies are organizing their own insurance companies with the object of securing as liberal benefits as possible.

Fred V. Chew Is Heard

The hearings were called largely to enable Fred V. Chew, executive vice-president American Finance Conference of Chicago, to give the position of his group. He felt evidently that the so-called smaller or independent companies in contradistinction to the giants had not received consideration as they deserved.

Mr. Chew commended the commissioners convention for having initiated the movement that led most of the state officials to issue rulings of a more or less uniform nature regarding the handling of insurance on finance business. All of these rulings emphasize the necessity of insurance certificates being placed in the hands of the individual car purchaser. These rulings struck at certain abuses in the finance field which could not be defended and which have now been corrected. Mr. Chew said so far as he could see the commissioners had now accomplished their objective and that he failed to understand what new course of action could be open to them.

Position of Independent Companies

Mr. Chew implored the commissioners to refrain from taking any action that would handicap the smaller independent finance companies in their competition with the major institutions such as GMAC, CIT and CCC. Those large financing organizations, he said, have established insurance connections that enable them to derive a profit. There have been no steps taken or action proposed that would interfere with the insurance operations of these major institutions, he said. All of the schemes that have been advanced are in the direction of restricting the activities of the minor finance companies, whose business he estimated, does not exceed 20 percent of the total of the automobile financing in the country. Apparently Mr. Chew was referring to restrictive agency laws, rather than to commission limitation proposals, in view of the fact that the attempt of Insurance Director Palmer of Illinois to control commissions has proved abortive and no other state official seemed disposed to assert such authority.

Apparently the restrictions which Mr. Chew had in mind are those designed to prevent finance companies from receiv-

Sol Weiser Retires from Active Work

Promotions Are Made by
the Dubuque F. & M. and
the National Reserve

Sol F. Weiser, secretary Dubuque Fire & Marine and National Reserve, will retire from active service at the close of the year, having been connected with the company for over 35 years, most of the time being in charge of underwriting and production. He has been secretary for 25 years and prior to that was assistant secretary. Mr. Weiser has been a very successful and efficient official. It is his intention to go to California where he has a ranch and other personal interests. His son, Dr. Albert Weiser, is located at Los Angeles and it is likely that Mr. and Mrs. Weiser will locate in that section. He has been considering retiring for the last three or four years.

Promotions are Announced

B. J. Oswald, manager of the loss department for five years, who has been in the employ of the Dubuque F. & M. for 20 years, becomes secretary. W. R. Reilly, who has been with the office for over 31 years, and now an assistant secretary, becomes vice-president. He is the comptroller. C. G. Kunz, F. J. Lynch, E. E. Groff, A. D. Hoffman and C. R. Alderson become assistant secretaries. Mr. Kunz is chief examiner, Mr. Lynch eastern examiner, Mr. Groff examiner west of the Mississippi, Mr. Hoffman has charge of the accounting department and Mr. Alderson, the reinsurance. Mr. Oswald will continue in general supervision of the loss department in addition to performing the customary duties of the secretary's office including supervision of underwriting. Mr. Reilly will have as deputy comptroller Assistant Secretary Hoffman.

The Dubuque Fire & Marine in its readjustment has worked out a most satisfactory scheme and deserving men in its employ are thus given proper recognition.

Mr. Weiser's Career

Mr. Weiser has had a long and successful career in insurance. Prior to becoming assistant secretary he traveled in the field for the Dubuque Fire & Marine for three or four years out of Chicago covering Illinois and Michigan. He started his insurance career in the western department of the Queen when J. M. Rogers was manager at Chicago. He was promoted to superintendent of the loss department. He continued with the company, during part of the time when P. D. McGregor was manager. He left the Queen to become chief examiner for the old Montgomery & Funkhouser General Agency at Chicago and from that organization went to the Dubuque F. & M.

ing a commission on insurance for cars which they financed. Mr. Chew contended that whatever action the commissioners take that deprives the independent finance company of income serves the interest of monopoly. He (CONTINUED ON PAGE 33)

Harmony Prevailed with Commissioners in Their Conferences

Mid-Year Meeting Is Held
at Edgewater Park, Miss.
with Many Features

The mid-year meeting of the National Association of Insurance Commissioners at Edgewater Gulf Hotel, Edgewater Park, Miss., which is mid-way between Biloxi and Gulfport, was a harmonious one in every respect. The bitterness and sectional differences that had developed at previous meetings were buried and the officials stood unitedly together, evidently believing that it will be very necessary for them to work with a single mind with the spectre of federal supervision hovering above them, as the TNEC had recently sent out a questionnaire to the officials to secure information, some of which they regard as almost impertinent. President C. C. Neslen, Utah commissioner, proved a harmonizer. He is a man of high ideals and motives, a man who believes in peace and good will. His trips to the east and south and his correspondence with commissioners altogether have tended to pour oil on the troubled waters.

Commissioner Williams of Mississippi has labored in the cause to bring about a better feeling.

No Outbursts Made

There were no outbursts as heretofore about zone examinations. It would seem that the hatchet is buried, at least for the time being. It was notable, however, at this meeting that the New York department, heretofore always conspicuous in committee and association activities, stood in the background. Superintendent Pink usually is accompanied by a formidable delegation but this time he had only First Deputy Cullen and Deputy Edward McLoughlin in charge of the New York office with him.

The executive committee, presided over by Williams of Mississippi, had a meeting Wednesday afternoon and was followed by a meeting of the special committee to consider and report on new mortality table with Gough of New Jersey as chairman.

There were three general sessions Thursday, Friday and Saturday mornings. The last found only a handful present as most of the conventioners departed Friday, some leaving on Thursday.

Governor White Gave Welcome

The opening session, with President Neslen in fine fettle on the rostrum, buttressed by Read of Oklahoma as secretary was opened by the invocation by Rev. A. J. N. Brown of the Presbyterian Church of Gulfport. Governor Hugh R. White of Mississippi was present to welcome the convention. He paid (CONTINUED ON PAGE 42)

Countersignature Act Causes Heat from the Mutuals

Harrington Put on the Spot in Recommending Draft of Model Bill

The only fireworks at the mid-year meeting of the National Association of Insurance Commissioners at Edgewater Park, Miss., occurred at the meeting of the committee on uniform countersignature laws of which Harrington of Massachusetts is chairman. This committee was appointed to recommend a suitable draft for a model countersignature law in view of the fact that so many states have passed such a law or intend to, thus



C. F. J. HARRINGTON

throwing about boundaries, bulwarks that are making interstate insurance complicated and difficult, resulting in its drift toward unlicensed carriers or direct writers.

There is litigation involved already owing to these laws, the chief suits being made in Montana, Virginia and Louisiana.

What the Agents Desire

At meetings of the National Association of Insurance Agents it has been urged that countersignature laws be divorced from agency license laws. Most states have laws requiring that where business is placed by an outside agent or broker, a non-resident, the policy must be countersigned by a resident agent. Some of these state laws prescribe the percentage of commissions the resident agent shall receive. Montana, for example, requires that the full commission be paid to the resident agent. The National Association of Insurance Agents has insisted that the matter of commission be left to private contract between the outside and resident agents as there are various degrees of service that are required of the resident agent. Inasmuch as these laws tend to throw a Chinese wall around a state, the free and easy flow of insurance is being greatly affected.

The Virginia and Louisiana laws are being attacked largely because it is prescribed that only agents on a commission basis can act as countersignature agents. This prohibits salaried employees or agents from countersigning policies.

Commissioner Harrington had drawn up a bill providing that countersignature

(CONTINUED ON LAST PAGE)

Rehearing Promised on Standard Policy

Objection Offered to the Form That Was Approved by Commissioners

At the executive session of the National Association of Insurance Commissioners at Edgewater Park, Miss., Superintendent Lloyd of Ohio stated that in his state there had been considerable objection made to the revised standard fire policy that was recommended for adoption in the various states at the annual meeting in San Francisco. He stated that in his opinion there should be a rehearing on the subject as he had found protests had been made from different directions. Pink of New York is chairman of the standard fire policy committee and stated that he had no objection to conducting a hearing at the annual meeting in Hartford.

Revulsion of Sentiment

Regardless of the fact that the report was adopted at San Francisco it now seems that there is considerable revulsion of sentiment. It is claimed that there was a divided house at San Francisco and that some of the votes in favor of the proposed form were made by deputies or other department representatives that did not reflect the position of the commissioners.

Some of the company executives have challenged the proposed standard policy stating that it is very unsatisfactory in some of its features. For instance, the insuring clause is said to be one of the items that should not be permitted.

Superintendent Pink declared that he intended to have the standard policy put in force in New York either through departmental ruling which he said that he undoubtedly had authority to make, or by legislative enactment. Some of the insurance attorneys have questioned the department's authority to put in effect the standard policy by a ruling.

Obviously after all the hearings had been held some companies have awakened to the fact that they object to what has been done. Considerable missionary work has been done among the commissioners and those who have been interested in reviving the hearing say that

THIS WEEK IN INSURANCE

Story of the mid-year meeting of the National Association of Insurance Commissioners. Page 3

Many points relating to marine war risk coverage and war risk on land were elucidated at the meeting in New York of the Insurance division of the American Management Association. Page 3

Insurance commissioners committee on automobile finance business held a meeting at which Executive Vice-president Chew of the American Finance Conference was heard. Page 3

Sol F. Weiser, secretary Dubuque Fire & Marine and National Reserve, is retiring from business. Promotions are announced by the company. Page 3

National Association of Insurance Commissioners deliberates over the questionnaire sent to the state officials by the TNEC committee at Washington. Page 5

Carl F. Sturhahn of Beverly Hills, Cal., former president Northeastern Fire of Hartford, died Tuesday. Page 7

W. K. Herndon, examiner in Kansas insurance department, charged with receiving \$12,500 for approving reinsurance deal. Page 10

Profit Motive Institute backed by resolution adopted by California Association of Insurance Agents; Los Angeles is 1940 convention city. Page 11

Globe & Rutgers is reinsuring the business of Merchants Fire of Rhode Island and is inheriting the agency plant. Page 4

Some personal observations are made on the individual work of the National Association of Insurance Commissioners. Page 10

American Management Association insurance division holds question and answer session. Page 5

Hot Stove League Now Guessing on 1940 Possibilities

With the complexion of the executive committee of the National Association of Insurance Agents now known, the hot stove league is busily engaged in gazing into the crystal ball and attempting to guess upon which member of the committee the vice-presidency will fall next year. By reason of seniority and because of geographical considerations, R. W. Forshay of Anita, Ia., stands out.

Mr. Forshay is entering upon his third term as a member of the executive committee and he is the only third termer on the committee. Due to the fact that the immediate past president of the association is from the Pacific Coast and the present president and the vice-president are southerners, the geographical test would indicate that the next vice-president would be from the middle west or east.

There are three members of the executive committee who are entering upon their second terms. Wayne C. Meek is located in Seattle and it would probably be regarded as unnatural to return to the coast for an officer next year. The other two termers are David A. North of New Haven and Archibald J. Smith of New York. Either of these men is of presidential grade and is properly situated, geographically. Mr. North's grandfather, John C. North, was an early president of the National association and his father, J. Richard North, was very active in the National association affairs.

there are a majority that question the feasibility of putting any such policy before the legislatures.

Wingo With Hartford in Texas

DALLAS — Appointment of Jack Wingo as special agent for Hartford Fire at Dallas is announced. He has been with the Texas Inspection Bureau for the last 10 years.

A. H. Schuneman, Nashville, special agent of the Buffalo, is back at his desk after a sojourn in a hospital there following an operation.

Prentiss Reed gives valuable suggestions on how to fix insurable values, in conference on that subject of insurance buyers of New York. Page 9

Standard fire policy committee will reopen the subject at the annual meeting of the insurance commissioners at Hartford. Page 4

Iowa Association of Insurance Agents to hold 1940 meeting in Des Moines. Pass up mid-year parley. Page 15

Session on "all risk" liability coverage at American Management Association conference draws large attendance. Page 21

Casualty committee of the National Association of Insurance Commissioners appointed a subcommittee to investigate further the suggestion of Commissioner Waters of Texas to have automobile experience gathered by the National Council on Compensation Insurance. Page 10

Subcommittee of the examinations committee of the National Association of Insurance Commissioners is appointed to work out a satisfactory plan for allocation of premiums on bankers and brokers blanket bonds for tax purposes. Page 28

Committee is appointed by the health and accident committee of the National Association of Insurance Commissioners to recommend provisions for war risk rider. Page 19

E. W. Sawyer of National Bureau of Casualty & Surety Underwriters tells commissioners that innovations are made possible by judicious administration. Page 19

Proposal to promulgate a "net cost" policy for automobile finance companies is rejected by the National Automobile Underwriters Association. Page 41

Merchants of R. I. Transfers Agency Plant to G. & R.

Outstanding Insurance Liabilities Reinsured—to Concentrate on Rhode Island

Announcement is made this week that Globe & Rutgers is reinsuring all of the outstanding insurance liabilities under policies issued by Merchants of Rhode Island and the present agency plant of Merchants is being transferred to G. & R.

This is one step in the program to revamp the setup and operations of the Rhode Island group, in which the management is collaborating with Stewart B. Hopps of the Atlantic Brokerage Company, New York. President Byron S. Watson of the Rhode Island states that the reinsurance of the business of Merchants and the transfer of the agency plant was decided upon as a means of concentrating the resources and ability of the group on the development of the Rhode Island Insurance Company.

Details of Transaction

All daily reports and other essential records of Merchants are being transferred to Globe & Rutgers and the agents are directed to report to G. & R. all losses, endorsements, cancellations or changes. Globe & Rutgers will henceforward underwrite and handle the business of Merchants just as they do their own.

The Rhode Island advised that Globe & Rutgers will offer to the agents representation of one of its companies or the Merchants Underwriters of G. & R. In order to give representatives of Globe & Rutgers time to visit the agents and arrange for delivery of new contracts, policies and supplies, the agents are permitted to continue writing in Merchants as heretofore up to Dec. 31, such writings to include the normal renewals of lines attaching in future months but issued in December. While all the lines so bound will actually be for the ultimate account of Globe & Rutgers which is assuming all of the liability of Merchants produced business from Dec. 1 onward, the agents are instructed to continue to provide any reinsurance customary to their operations, such reinsurance to be effected for the benefit of Merchants and/or Globe & Rutgers as their interests may appear.

The premiums of Merchants in 1938 amounted to \$1,415,547. That was its largest year in net premiums retained since 1930.

Claude Smith Goes to Security, Conn.

SAN FRANCISCO — Establishment of a marine department at San Francisco with C. V. Smith as manager is announced by E. V. Oliver, recently appointed manager Security of New Haven. The new department will not affect arrangement with Wm. H. McGee & Co., marine general agents for the Security, who will continue handling present agencies planted by them. Mr. Smith has been manager of the southern California marine department of the Great American and Phoenix of Hartford at Los Angeles since 1930. Mr. Oliver also announces plan for removal of his offices to the ground floor quarters, 250 Sansome street, when alterations are completed.

Buyers Throng to Question-Answer Sessions of A.M.A.

Concurrent Groups Permit Fullest Treatment of Varied Subjects

NEW YORK—The six question-and-answer sessions of the American Management Association's insurance division conference proved highly successful in eliciting queries from the participants while elimination of speeches and formal agenda coupled with the fact that three morning sessions were held concurrently, as were the three afternoon sessions, gave ample time for treatment of all the questions that came up.

Morning sessions were on insurance management for the smaller company, automobile fleet insurance, and all-risk liability insurance. Those in the afternoon were on war risk covers, establishing insurance values for adjustment purposes, and use and occupancy values.

Prof. R. H. Blanchard of Columbia University, vice-president of the A.M.A. in charge of the insurance division, spoke briefly at the luncheon.

SMALLER COMPANIES

The session devoted to smaller companies' insurance management problems ran into considerable difference of opinion on the dividing line between a small and a large company. There was discussion of what duties could best be combined with those of insurance manager in a company not large enough to justify a full time insurance manager. In the firms represented, insurance is handled by treasurers, controllers, assistant treasurers, vice-presidents in charge of operations, or accountants. The consensus seemed to be that it is best to have the treasurer or assistant treasurer act as insurance manager, thereby giving the insurance department the advantage of knowing what financial transactions a company might be planning.

The suggestion was made that brokers be employed on fee basis. One buyer urged that the broker be employed on a salary basis, commissions earned being credited against that income, and the company paying the difference if commissions did not reach the amount of salary. The comment was made that outside experts with a detached point of view can frequently audit or survey insurance contracts to better advantage than those closely in touch with the situation.

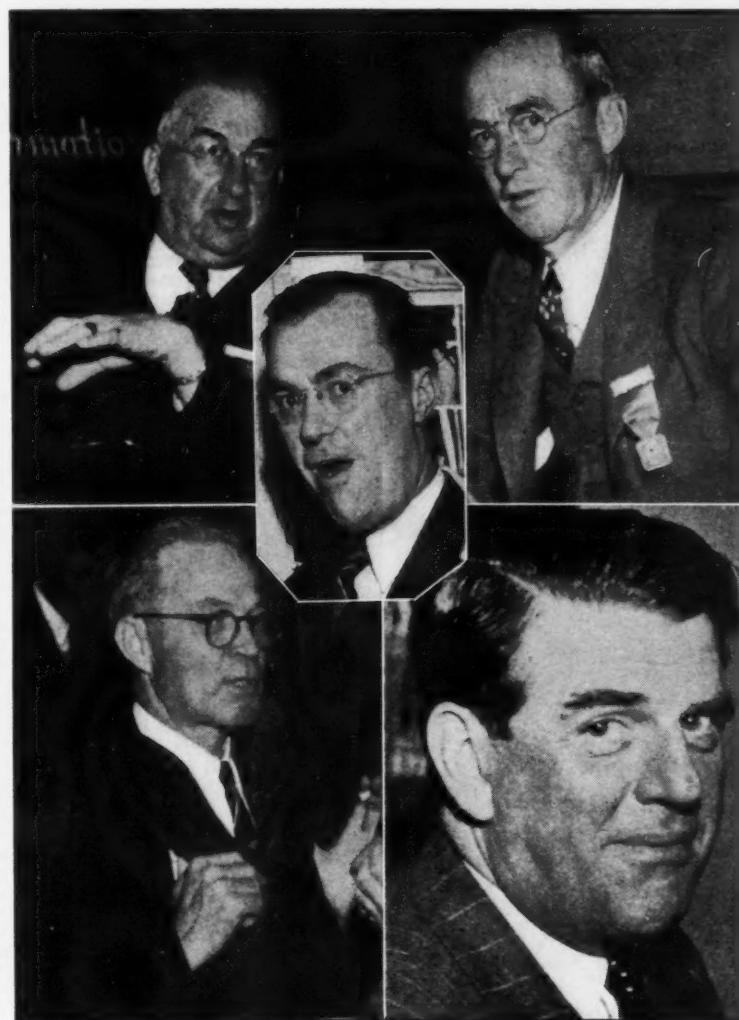
Single Broker Best

The advantage of placing all business with a single brokerage firm seemed to be appreciated. It was pointed out that by so doing the assured gets the benefit of the broadest coverage and borderline loss settlements which only the control of a large premium volume can command.

A development which several buyers mentioned was the formation within the insured company of an insurance committee, preferably three men, taking the responsibility for choosing the broker or agent, thereby minimizing the possibility of personal bias in making the selection.

There was discussion of the difficulty of determining with any exactness the proper relation of insurance cost to company size. Some expressed the hope that a way would be found to give in-

(CONTINUED ON PAGE 33)



As seen at insurance commissioners convention by camera of Harry H. Fuller, deputy U. S. manager of Zurich:

Top row (left to right)—C. C. Neslen, Utah commissioner and association president; Ernest Palmer, Illinois insurance director. (Inset) Robert C. Mead, actuary State Farm companies, Bloomington, Ill.

Second row—J. S. Williams, Mississippi commissioner; D. F. Broderick, chairman Dearborn National and Great Lakes Casualty.

Big Nonstock Cover Postpone Discussion on Fels & Co. Loss

PHILADELPHIA—Property insurance totaling \$3,050,000 is carried under general form by Fels & Co., in whose plant fire occurred recently. The line is carried by the Factory Mutuals and Brown reciprocals, the former, it is understood, having \$1,300,000 and the latter \$1,550,000. In addition the Improved Risk Mutuals are credited with having \$800,000.

The U. & O. full blanket coverage, including apparently portions of the buildings which are self-insured, is understood to amount to \$750,000 written by the Factory Association. The general fire form does not cover the building in which the fire originated. Though efficiently handled by the department the fire was of such intensity as to crack every wired glass window in adjacent structure.

One lesson insurance men here maintain is to be learned from the fire is the unwise of granting U. & O. coverage on units that underwriters have left out of the general property form. Estimates are that it will be three or four months before the Fels plant will be able to resume operations on a 100 percent basis.

Contribute \$6,715,292 to Illinois

The Illinois department, in its report of the fiscal year ending June 30, shows that income for the year was \$7,337,186.

Leen Speaks at Insurance School

P. J. Leen, superintendent marine department Fireman's Fund, Chicago, lectured at the insurance school which is being held by R. B. Jones & Son at Kansas City, on ocean marine and inland marine coverages.

The expenses of the department were \$621,893. Thus, \$6,715,292 was available for other state expenditures.

TNEC Activity Chief Convention Conversation Topic

Insurance Commissioners Vote to Furnish Factual Information Only

By all odds the most absorbing subject discussed in the hotel lobby, in private conversation, in hotel rooms and in the executive session of the National Association of Insurance Commissioners Park, Miss., was the questionnaire sent by the congressional monopoly committee from Washington to the state officials seeking information as to the way the National Association of Insurance Commissioners operated and making inquiry regarding features of state regulation and control. Gerhard Gesell, special counsel, made it plain that replies were not mandatory but that the questionnaire was sent out in order to give the committee a broader view of state supervision, its efficacy and accomplishments.

See in It a Sinister Move

The commissioners naturally looked upon this as a sinister movement on part of the SEC committee to discredit, if possible, state supervision and thus present arguments for federal control. The commissioners were very sensitive to the situation. A few had sent their questionnaires filled out. Commissioner Dunn of South Dakota is said to have transmitted a very forceful document.

Might Report Through Committee

There were differences of opinion as to what course should be followed. It was decided to hold an executive session and at that time various views were expressed. In President Neslen's letter to Special Counsel Gesell, he had expressed the hope that the commissioners might work through its life insurance committee or its special committee that was appointed at the Des Moines convention to act as a liaison medium between the TNEC committee and the commissioners' organization. Others were very pronounced in expressing the view that the questionnaire should be disregarded entirely. Others felt that the matter should be left entirely to the discretion of each commissioner.

Associations Oppose Federal Move

The commissioners appreciated the fact that almost unanimously the insurance organizations had come out very strongly against federal supervision. President Sidney O. Smith of the National Association of Insurance Commissioners and President C. J. Zimmerman of the National Association of Life Underwriters, both of whom spoke at the convention, were very outspoken in stating that their organizations looked with extreme disfavor on any attempt of the federal government to centralize control of insurance at Washington. Both stated that while there were deficiencies in state supervision, yet over a long period of years that form had been successful.

After discussion it was concluded to leave the answering of the questionnaire to the individual commissioners, with the recommendation that only factual information be given. The commissioners decided to leave unanswered those questions that called for opinion, surmise or general comment and only furnish what could be gathered from records that are public. The commissioners as a body are unanimously op-

(CONTINUED ON PAGE 32)

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San Francisco: Swett & Crawford, Gen'l Agts.

**Stress Membership
at Nebraska Parley**

**Case Urges Rural Program
—Trust Officer Advises
Death Service**

NORFOLK, NEB.—Everett L. Dawson, president Nebraska Association of Insurance Agents, sounded the keynote of the mid-year meeting when he stated in no uncertain terms that before the Nebraska association could expect to accomplish what it should, there would need to be a substantial increase in membership, and a like increase in available funds.

"It goes without saying," said Mr. Dawson, "that in the last Nebraska legislature, when we were trying to get certain measures through that body, we had to do plenty of bragging to say that we were speaking for the fire and casualty agents of Nebraska, with our own membership so pitifully weak." Mr. Dawson cracked down on Nebraska field men for apparently taking no part in the association membership campaign. "On the whole, the field men have done a very mediocre job in the matter of membership as compared to other states. In states where progress has been made, it has been done with the concerted efforts of both members and field men."

Must Enlarge and Advance

Carroll S. Morrow, chairman executive committee, said that the Nebraska association is at the point where "we must enlarge and advance. We need more money and more members—then we can do what other associations are doing. Other trade associations are successful—there is no reason why we can't be the same with comparable men and funds with which to work."

Mail Efforts Unsuccessful

In his report as national councilor, Arthur Dunbar, Omaha, pointed to the need for a uniform qualification and countersignature law. He commented on the Paramount Fire situation, extended coverage on adjoining buildings which are damaged by explosion, the need for automobile coverage that applies to all cars in one family, and commented on action on various matters taken at the National convention in Boston. It was brought out in the discussion following Mr. Dunbar's talk that some companies are not paying the

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business Dec. 11, 1939.					
	Par	Div.	Bld	Asked	
Aetna Cas.	10	4.00*	120	124	
Aetna Fire	10	1.60	50	52	
Aetna Life	10	1.35*	31	33	
Agricultural ...	25	3.25*	79	82	
Amer. Alliance. 10	1.20*	22	24		
Amer. Equitable 5	1.20	21	23		
Amer. Home ... 10	...	7	9		
Amer. (N. J.) ... 3.50	...	13	14		
Amer. Surety... 25	2.50	250	50	52	
Automobile ... 10	1.30*	33 1/2	35 1/2		
Balt. Amer. ... 2.50	.30*	6 1/2	7 1/2		
Bankers & Ship. 25	5.00	97	101		
Boston 100	21.00	625	640		
Camden Fire ... 5	1.00	20 1/2	22		
Carolina ... 10	1.30	29	31		
Contl. Cas. 5	1.50*	34	35 1/2		
Contl. N. Y. 2.50	1.80*	38	40		
Crum & Forster Com. 10	1.00	29 1/2	31 1/2		
Employers Rein. 10	1.60	50	52		
Fidelity-Phen. 2.50	1.80*	39	40		
Fire Assn. 10	2.50	69	71		
Firemen's (N. J.) 5	.40	10	11		
Franklin 5	1.40*	30	32		
Gen. Reinsur. 5	2.00	42	44		
Georgia Home. 10	1.20*	24	26		
Glens Falls.... 5	1.60	42	44		
Globe & Repub. 5	.50	11	12 1/2		
Gt. Amer. Fire. 5	1.20*	29	31		
Gt. Amer. Ind. 1	.20	11	13		
Halifax 10	1.00**	16	18		
Hanover Fire. 10	1.20	27	28 1/2		
Hartford Fire. 10	2.00	84	86		
Hartford S. Boll. 10	1.60	60	64		
Home Fire Sec. 10	...	1 1/2	2 1/4		
Home (N. Y.) ... 5	1.60*	32 1/2	34		
Home Indem. ... 3	...	12 1/2	14		
Ins. Co. of N. A. 10	2.50*	69	71		
Maryland Cas. 1	...	2 3/4	3 1/4		
Mass. Bonding. 12.50	3.50	60	62		
Mer. Com. (N. Y.) 5	1.70*	45	47		
N. W. Natl.... 25	1.20*	25	27		
Natl. Fire 10	2.00	64	66		
Natl. Liberty ... 2	.40*	7 1/2	8 1/2		
New Am. Cas. ... 2	.65	13	14		
New Hampshire 10	1.80	45	47		
Northern (N.Y.) 12.50	5.00*	102	105		
North River ... 12.50	1.20*	26 1/2	28		
N. W. Natl.... 25	5.75*	127	133		
Phoenix, Conn. 10	2.50*	82	85		
Preferred Acci. 5	1.00	15 1/2	17		
Prov. Wash. 10	1.40*	34	36		
St. Paul F. & M. 62.50	8.00	237	243		
Security, Conn. 10	1.40	33	35		
Sprgfd. F. & M. 25	4.75*	129	132		
Travelers 100	16.00	450	465		
U. S. Fire..... 4	2.00	52	54		
U. S. F. & G. ... 2	1.00	22	23		

*Includes extra. **Canadian funds.

countersignature commission in Nebraska.

Earle Ritner, North Platte, membership chairman, said that his committee had been trying to obtain members by direct mail, but that results have been poor, and it was his opinion that no increases would ever come from that method of solicitation. He, too, stated that the Nebraska association is at the cross-roads, and would not be able to advance as an organization until the

(CONTINUED ON PAGE 34)

Nebraska Agents Association Chiefs



Officers of the Nebraska Association of Insurance Agents, who had charge of its mid-year meeting at Norfolk, are shown above. They are, left to right, Everett L. Dawson, Lincoln, president; Joseph Barker, Jr., Omaha, vice-president, and Thomas A. Bryan, Omaha, secretary-treasurer.

Popular Insurance Man Dead at His Home in California

LOS ANGELES—Carl F. Sturhahn, former president of the Rossia, whose name was changed to the Northeastern Fire of Hartford, died at his home in Beverly Hills, Tuesday, from cerebral hemorrhage. He was 68 years of age and was chairman of the board of the Northeastern Fire. He was one of the best known insurance men in the coun-



CARL F. STURHAHN

try, coming in contact with fire insurance executives the country over. He attended the meeting of the Western Underwriters Association in September at White Sulphur Springs, and was in fine spirits. He was of a very cordial, genial and affable nature, personally popular.

Served 35 Years

In November, 1938, Mr. Sturhahn completed 35 years in the service of the Rossia and Northeastern Fire. He was appointed United States manager of the Rossia, Nov. 22, 1903. Early in its career, under Mr. Sturhahn's management the company was given a test with two conflagrations, Baltimore in 1904 and San Francisco in 1906. In the latter conflagration it paid treaty companies more than \$1,500,000. In 1911, Mr. Sturhahn moved the head office of the Rossia from New York to Hartford and established headquarters in the building of the National Fire. He had a keen sense of movement of real estate values in Hartford and purchased land at the corner of Broad street and Farmington avenue where he built the distinctive head office of the old Rossia. This proved to be the initial step in a big building development in that neighborhood. In 1914 the building was formally opened with a reception and banquet which were brilliant in every respect. Some 150 leading insurance executives throughout the country attended.

Mr. Sturhahn was chairman of the board of the First Reinsurance of Hartford, president of the Trans-Atlantic Securities Company of Hartford and chairman of the board of the Metropolitan Fire Reassurance. His son, H. C. Sturhahn of New York City, is head of the facultative department of the Northeastern Fire. Another son, Edward, is at its home office.

Mr. Sturhahn married the sister of B. N. Carvalho, who succeeded him as president of the Northeastern Fire.

He organized the Knights of the Round Table in New York and usually attended the festivities of the Chicago Knights. Mr. Sturhahn retired from active service some months ago and moved to Beverly Hills.

IT'S GOING TO BE A REAL

Merry Christmas

AT OUR HOME !

and to You and Yours
A MERRY CHRISTMAS
and a
HAPPY NEW YEAR

THE "GENERAL" . . . Already ranking 23rd among all American Stock Companies in writing fire insurance in the United States, (having advanced to that high rank from 63rd place only six years ago) the "GENERAL" continued to gain in 1939. With business increasing—new Agents added to the family—new policies successfully introduced—and with additional Home Office trained field men to assist Agents in acquiring desirable new business . . . it will truly be a *Real Merry Christmas* at the "GENERAL."

FIRST NATIONAL . . . With all the advantages offered under the same management as the "GENERAL," the FIRST NATIONAL is now in a position to give even more attractive facilities to agents than it has in the past—on account of important additions to capital and surplus and retention of liability under its own policies.

PROGRESSIVE AGENTS . . . Now nearly 5,000 of them throughout the U. S. and Canada—and increasing from day to day. "GENERAL AMERICA" agents are carefully selected as leaders in their communities, and the bond of friendship and confidence between them and our companies is our proudest asset—and has the frank admiration of the insurance world.

GENERAL INSURANCE COMPANY OF AMERICA FIRST NATIONAL INSURANCE COMPANY OF AMERICA

H. K. DENT, PRESIDENT · HOME OFFICE, SEATTLE

NEW YORK OFFICE III JOHN STREET
CHICAGO OFFICE 209 WEST JACKSON BOULEVARD
ST. LOUIS OFFICE 208 NORTH BROADWAY

DENVER OFFICE INSURANCE EXCHANGE BUILDING
SAN FRANCISCO OFFICE 206 SANOME STREET
LOS ANGELES OFFICE 416 WEST EIGHTH STREET

"Not a creature was stirring?"

No, not a creature . . . except the thief illustrated in Alliance national advertising for December. He is seeking valuable gifts under the Christmas tree. The Alliance advertisement says:

"Christmas-time thefts are all too easy and common."

It suggests that such gifts as jewelry, cameras and furs be protected **now** with dependable insurance . . . and that the reader

"Ask the Alliance Agent"



**THE
ALLIANCE INSURANCE CO.
of PHILADELPHIA**

**Head Office: 1600 Arch St., Philadelphia
New York Office: 99 John St., New York City
Chicago Office: 209 West Jackson Boulevard
San Francisco Office: 222 Sansome Street**

AS SEEN FROM CHICAGO

CAROLS FOR INSURANCE EXCHANGE

The Chorus of Insurance Men of Chicago is preparing to sing Christmas carols in the lobby of the Insurance Exchange building during the noon hour Dec. 20, 21 and 22.

KNAACK GOES TO NORTH BRITISH

R. C. Knaack has resigned as assistant to T. L. Pusey, Cook county and brokerage department manager Phoenix Assurance, Chicago, and has gone with the brokerage and service department of the North British group there. He will handle Cook county and Chicago, associated with Superintendent Lloyd C. Sylvester of the brokerage and service department. Mr. Sylvester plans to travel a larger territory. Mr. Knaack has had 13 years' insurance experience, starting with the Springfield at Chicago and after three years going with Phoenix Assurance there. He handled the brokerage business as assistant to Manager Pusey.

BROKERS DEBATE BYLAWS CHANGE

A proposed revision of the bylaws of the Insurance Brokers Association of Illinois was considered by the board at a meeting this week. A. W. Ormiston is chairman of the committee on bylaws. It is probable that a special meeting of the association will be held some time this month to consider the project. The brokers' fact-finding committee appointed to secure information about the affairs of the Metropolitan Foundation, premium finance concern which is being liquidated, was continued. F. C. Bracken is chairman. A proposal to be one of the sponsors of the choral group which formerly was made up entirely of brokers and was an association project, was considered but action was postponed.

MARINE ACQUISITION COST

Paul L. Haid, president of the Insurance Executives Association, and three representatives of the Inland Marine Underwriters Association held a meeting with the directors of the Chicago Board Monday afternoon to request the moral support of the Chicago Board in the maintenance of acquisition cost regulations in Chicago on inland marine business. The I.M.U.A. representatives were J. C. Keegan, Providence Washington, chairman of the acquisition cost committee of the I.M.U.A.; Harold Jackson and Harold L. Wayne, manager of the I.M.U.A.

INSURANCE WOMEN'S PARTY

To climax the year's social activities, the Insurance Women's Club of Chicago has arranged a yuletide party at the Edgewater Beach hotel, Dec. 14.

A. E. Peterson, New York, president Service Fire, is spending the week in the Chicago office.

NEW YORK

EXECUTIVE COMMITTEE MEETINGS

It is not likely that the National Association of Insurance Agents will call the complete executive committee in session until the mid-year meeting at Wichita. The committee has been enlarged in number. In order to have this larger body in session would require extra outlay as expenses of members attending committee meetings are met from the national exchequer. It has been found rather effective recently to call in from time to time members of the committee and officials near at hand who can decide without delay and to the satisfaction of all, issues of a less major moment that arise. In days gone by it was the custom to have a committee meeting in December or January but at the last annual meeting the

Fulton Fire Is Opening Chicago Department



WILLIAM J. NOLAN

Fulton Fire of the Hanover group has opened a Chicago and Cook county department of which the manager is Charles Spikings, who has just been elected a class 1 member of the Chicago Board. Mr. Spikings has been operating as a broker in Chicago. Associated with Mr. Spikings will be William J. Nolan, formerly western representative of the Mesoerole companies, who is well known in Chicago insurance circles. The office is located at 134 North LaSalle street, phone Central 6958. In addition to acting as manager for Fulton, Mr. Spikings has the agency of Commerce of the Glens Falls group and the State of Pennsylvania.

agenda was very well disposed of and nothing appears in the offing now that requires consideration of the entire committee.

TO HONOR WINCHESTER

The dinner of the New York City Blue Goose to be held in Newark Dec. 20 will honor past Most Loyal Gander "Phil" Winchester, recently appointed deputy most loyal grand gander for New York City, New Jersey and eastern Pennsylvania.

Christmas Gift Suggestions

Copies of the Ohio Insurance Laws, Annotated, and the Ohio Probate Code, 1939 edition, published by the well known Anderson law book publishing company, make attractive Christmas gifts, and may be purchased from the National Underwriter Company's book department, 420 East Fourth street, Cincinnati.

All insurance statutes of Ohio up to and including Sept. 1, 1939, are contained in the 400 page Ohio Insurance Laws, Annotated, which sells for \$4.50. The book is specially bound in durable blue fabrikoid, with gold lettering. Agents, attorneys, brokers, adjusters, and home office men will find the volume useful in their work and handy for reference.

The Ohio Probate Code has comments by Grover C. Hosford of the Cleveland bar and contains uniform rules of practice, source notes, comparative legislation, cross references, and table of parallel sections. Each section is keyed to Page's Digest and Ohio Jurisprudence. It has 194 pages, a green cloth binding, and sells for \$2.50.

W. H. Bolard of Ashtabula, O., has sold his agency to C. A. Herzog, who recently purchased the Hubert Insurance Agency.

P. B. Reed Suggests How to Fix Insurable Values

**Serves as Technical
Adviser on Subject to
Conference of Buyers**

NEW YORK—Although no arbitrary rule can be applied in determining the insurable value of properties, Prentiss B. Reed, technical adviser at the group gathering considering that subject at the American Management Association's insurance conference submitted a formula that could be used as a basis, to be modified to meet individual situations, and applicable in connection with both fixed amount and reporting covers. Mr. Reed is a prominent independent adjuster of New York.

"In making up statements of values to be used for insurance purposes," Mr. Reed stated, "the following common errors and omissions should be avoided:

"(1) Setting up buildings, machinery, equipment, fixtures, betterments and improvements, and similar property at book value when such book value is not actual cash or insurable value.

Setting Up Stock at Cost

"(2) Setting up stock at cost or inventory prices when the insurance covering it provides for selling price less charges, or for market value.

"(3) Omitting:

"(a) Supplies

"(b) Stock in transit according to the books but actually on the premises

"(c) Stock sold but not removed, and still at risk of the insured

"(d) Property not owned but for which the insured is liable in case of loss, e.g. railroad sidings or property under lease, or property on which the insurance covers by special wording, e.g. employees' clothing or tools."

Mr. Reed distributed a suggested work sheet saying that the information appearing on it will go far toward eliminating errors and avoiding omissions.

Separated Locations

Many large concerns own property in a number of separated locations. Such concerns can use the work sheet to advantage, seeing that one is filled out for each location and that all sheets are then forwarded to the central accounting department for checking, after which they can be examined by the person in charge of insurance.

The suggested work sheet is:

	Book Value	Re- place- ment Cost	In- sur- able Value
Building	\$...	\$...	\$...
Machinery	\$...	\$...	\$...
Equipment	\$...	\$...	\$...
Fixtures	\$...	\$...	\$...
Betterments and improvements	\$...	\$...	\$...
Miscellaneous supplies	\$...	\$...	\$...
Other property	\$...	\$...	\$...
Insurable liabilities	\$...	\$...	\$...
Totals	\$...	\$...	\$...
	At Cost	At Selling Price	In- sur- able Value
Stock on premises	\$...	\$...	\$...
Stock in transit	\$...	\$...	\$...
Totals	\$...	\$...	\$...
Grand total at location	\$...		

The work sheet, he said, should be checked against this questionnaire:

'1. Does the insurance cover stock on

the basis of replacement cost or of selling price?

"2. If supplies are not accounted for separately, have they been accounted for in the stock figure?

"3. In preparing the stock figure, was the item of stock in transit properly treated? (Occasionally stock shown on the records as 'in transit' is actually on the premises; occasionally, the situation is reversed.)

"4. In preparing the stock figure, was the item of stock sold but not removed treated properly?

"5. If the insurance covers such prop-

(CONTINUED ON PAGE 32)

Two FSA Bids: Houston F.&C. and Herman Mutual, Wis.

WASHINGTON—Only one bid was received by the Farm Security Administration at the opening of proposals for furnishing insurance on \$60,800,000 worth of resettlement project, tenant purchase and Greenbelt properties throughout the country and in Puerto Rico and Hawaii.

Houston Fire & Casualty of Houston, Tex., submitted premium rates of 40 cents per \$100 on \$36,093,492 of resettlement project properties, 75 cents

per \$100 on \$13,908,682 of tenant purchase properties and 15 cents per \$100 on \$11,816,770 of Greenbelt properties.

A bid covering \$2,444,020 of Greenbelt properties in Wisconsin was submitted by Herman Mutual Farm Underwriters and Herman Mutual of Iron Ridge, Wis., quoting a rate of 25 cents per \$100 with credits and 25 cents "E. C." with no explanation of the latter term. It is assumed E. C. means extended coverage.

A. C. White, Jr., local agent of Springfield, Mass., has been appointed a special committee to make a study of conditions in city buildings.



Have You Pictured ALL of these Dangers to ALL Your Customers?

HAVE you explained how one fire policy plus the *Extended Coverage Endorsement* gives protection against Fire and Lightning, Windstorm, Smoke, Hail, Riot, Explosion, Vehicle, and Aircraft Damage? This endorsement is such good coverage it almost sells itself. If you haven't time to give the story personally to your clients—do it by mail. Our literature, stickers, and letters can help you as they have helped many of our agents.

Agricultural
Insurance Company
of Worcester, Mass.



Empire State
Insurance Company
of Worcester, Mass.

Every Type of Property Insurance for Industry and the Home

Neslen Champions State Regulation in N. Y. Speech

Commissioners Head Contends Present Method Reflects True National Creed

NEW YORK—A powerful defense of state supervision was delivered by C. C. Neslen, Salt Lake City, Utah commissioner and president National Association of Insurance Commissioners, at the convention of the Association of Life Insurance Presidents. Saying that he did not know what plans, if any, the federal government has regarding insurance, Mr. Neslen did not attack any hypothetical federal scheme, but confined himself to the record of state supervision. He emphasized that he felt that large size was not of itself an offense and that he did not favor "plowing under" every fourth company or any company which develops size and strength.

This country, Mr. Neslen said, is a nation of states; not an ordinary nation, but a group of nations closely tied together to form a more perfect union. The present system of supervision, approved by the Supreme Court of the United States, is a logical outgrowth of the fundamental idea that each state governs in state matters. Insurance is not above scrutiny or alteration, but evils should be pointed out and justification shown before experimental changes are undertaken.

Close to People

Mr. Neslen maintained that the strongest reason for continuing state supervision is that the state commissioner knows local conditions and is close to the people. The largest insurance company and the humblest citizen may go to him for relief or information. The commissioner's acts are reviewable by the people of his own community. He is thus better able to judge problems and protect the interests of all parties than any far removed federal bureau.

State supervision, Mr. Neslen declared, is responsible for much of the 90 year record of insurance, during which panics, wars, conflagrations, depressions and epidemics have come and gone, with insurance always better than before the catastrophe. Through the National Association of Insurance Commissioners, the insurance world has the efficiency of national supervision and the benefits of local supervision.

Cites Armstrong Investigation

The Armstrong investigation showed that legal reserve life insurance was sound and solvent, which up to that time had been the primary concern of state supervision. It revealed extravagant practices, which were remedied by a state and the whole affair is a tribute to state supervision.

The work of the commissioners association during the dark days of 1932-33 gave the public and the companies protection which a national body never could have achieved, Mr. Neslen said. The state departments were closely in touch with local conditions and were able to end emergency limitations as soon as the situation had cleared. Over the 70 years of the association's existence, it has evolved information blanks which make it possible for the public to know every feature of the company's business.

As a crowning example of the efficiency and protection of state super-

Personalities Featuring the Commissioners Body

By C. M. CARTWRIGHT

The conventions of the National Association of Insurance Commissioners in many respects are the most colorful of all the gatherings of insurance during the year. They are entirely different from other conventions of insurance people. The great majority of those who attend the commissioners conventions are members of the "third house" or campfollowers, as they are called. They are present to get acquainted with the commissioners, to make friendly contacts, cultivate them and to extend courtesies of different kinds. Therefore the motive for attending these gatherings is entirely different from that of the ordinary insurance convention. Almost all the insurance associations are represented by attorneys or executive secretaries at the commissioners gatherings. There is a sprinkling of company executives. A number of attorneys interested in insurance practice are present or they are general counsel of insurance companies. Were it not for the outsiders present the insurance commissioners conventions might not be very rooseate and would not take on the charm that accompanies them now.

Outgo and Influx

There is a constant outgoing of commissioners and incoming of new ones. The political winds blow the craft of commissioners on the reefs and there is no permanency in their tenure of office. Thus it is necessary for those that desire to keep in touch with the state officials to be present at all these meetings.

At the convention at Edgewater Park, Miss., the all pervading topic of conversation was the questionnaire sent out by the TNEC and the possibility of federal supervision. Not only were the commissioners deeply concerned but even more so the organizations and companies. There was almost a unanimous vote in the lobby against the federal government encroaching further on the state preserves. State sovereignties seem to reign supreme.

At this meeting there was a more conservative tone exhibited all through the deliberations and in the lobby conversations. The sectional differences were laid aside and the spirited accusations of recent conventions were not heard. There was an apparent desire of all hands to bring about harmony and better feeling.

Neslen a Harmonizer

The great harmonizer was Commissioner Neslen of Utah, president of the association, a man of high moral standards, exalted character and wholesome outlook. When he took office his main objective was to pour oil on the troubled waters and bring the commissioners together. In presiding over the deliberations he was easy and finished in his speech. He has a very friendly nature and although high in the councils of the Mormon Church, he is very tolerant in his religious views. Commissioner Williams of Mississippi, who was inclined to be a maverick at time, also has become a peacemaker and brought about the election of Blackall of Connecticut for vice-president following the death of Moor of District of Columbia. The fact that the convention voted to go to Hartford for its annual meeting shows the cooler temper of the southern and far western officials. Blackall made the response to the address of welcome and was prominent in the convention activities. He is likely to be the next president.

vision, Mr. Neslen cited, although not by name, the work of former Commissioner S. L. Carpenter of California in the rehabilitation of Pacific Mutual Life, with the cooperation of the other state departments. He challenged any federal bureaucracy to duplicate this achievement.

There are some interesting personalities in the organization and to an onlooker the play of individualities is supremely interesting. Harrington of Massachusetts has come to the front as one of the forceful commissioners, a man who was an insurance agent before he took office and, therefore, knows that end of the business. He is honest in his convictions, he is not thrown off his feet and is deeply interested in settling the interstate problems which he thinks give the federal government its strongest argument for centralized control. It is interesting to know that three of the New England commissioners, Harrington of Massachusetts, Lovejoy of Maine and Rouillard of New Hampshire were all prominent local agents. Mr. Lovejoy was secretary of the Maine Association of Insurance Agents for many years. Mr. Rouillard was prominent in the New Hampshire association.

New York Is Sidetracked

To my mind it is unfortunate that the New York department has been placed in partial eclipse by the association. This department is the imperial one in the country so far as prestige, organization and monetary appropriation is concerned. It has always contributed freely to the work of the commissioners association. In my opinion Superintendent Pink could have been more liberal in his attitude as to examinations. I think he was too fixed in his opinions in spite of the New York law. Some concessions could have been made that would have solved the problem and avoided the heated controversy. At the same time any spirit of revenge or reprisal is dangerous. We must recognize the great value of the New York department to state supervision and to the commissioners' organization. At the Mississippi convention Superintendent Pink was in the background and instead of being a leader, as has been his wont in times past, he had to slink in the shadows. To my mind this is a decidedly unfortunate attitude to take toward him. The commissioners of other states should utilize his facilities because they are certainly very advantageous.

Palmer Not So Conspicuous

Palmer of Illinois, who was a constructive leader a few years ago, has lagged in his convention activities although his personal interest is still strong. He is responsible for revamping the constitution, modernizing it and bringing the organization in more modern dress. Unfortunately when he was president he became ill and could not carry on the work that he had mapped out. He saw the necessity of a more cohesive body and recommended an executive secretary which the other commissioners did not regard as a wise step to be taken.

Gough of New Jersey is the acknowledged bellwether of the flock due to his long service, his attendance at conventions for many years, his knowledge of what has gone before, his delving into almost every problem that arises before the organization. He may at times have forced himself into discussions too often and maybe too forcefully. At least, however, his counsel is listened to with rapt attention.

"Uncle Frank" Julian of Alabama, beloved of all the commissioners, famous as a raconteur of the south with his intimate Negro stories, can always be counted on to lay his hand on the shoulder of a fellow commissioner, talk to him in a paternal way and give good counsel. He is a veteran in the ranks, sometimes rather opinionated but always sincere at heart.

There are some coming men in the new commissioners. Emery of Michigan, former national commander of the

(CONTINUED ON PAGE 12)

Kansas Examiner Involved in Alleged Insurance Deal

W. K. Herndon Charged with Absorbing \$12,500 for Approving Reinsurance

WASHINGTON—W. K. Herndon, while examiner of the Kansas department, received \$12,500 from the late W. H. Gregory, president of the now defunct Federal Reserve Life of Kansas City, Kan., for approving Federal Reserve's reinsurance of Union National Life, a deal in which Mr. Gregory made a profit of about \$80,000, V. B. Holt, former secretary-treasurer of Federal Reserve Life testified as the opening witness in the Temporary National Economic Committee's insurance subcommittee's hearings on life company failures.

Mr. Herndon, according to Mr. Holt, was given 1,000 shares of Federal Reserve Life stock, Mr. Gregory agreeing to buy them back at \$25 a share. Mr. Gregory bought back 500 of the shares at the agreed price, Mr. Holt said, but denied knowledge of what became of the other 500.

Other Transactions Listed

In answer to queries by Gerhard Gesell, special counsel of the SEC, which is presenting the material to the TNEC, Mr. Holt enumerated specific instances where Mr. Herndon received money, stock, or a split on business written or rewritten. Mr. Holt said that Mr. Herndon received none of these for activity in selling insurance but for his influence with the Kansas insurance department or as an intermediary in the sales of companies.

Much of Mr. Holt's testimony dealt with other relations between his company and Kansas department officials. He testified that Federal Reserve's first president, Walter Payne, former state treasurer of Kansas, was elected to the company's presidency solely because of his influence with the Kansas insurance department. Mr. Payne resigned in 1924, Mr. Holt said, because Examiner Herndon, who was then completing an examination of the Federal Reserve, complained that the president was getting too much salary, that the company was paying \$43.33 a month to the president's secretary, who lived in Topeka and was employed at the state house for \$100 a month and that the president was being paid \$5,000 a year salary only because of his influence with the insurance department. Mr. Holt said neither Mr. Payne nor his secretary had ever been active in the company's affairs.

Campaigned for Officials

Endeavoring to show the extent to which Federal Reserve officials campaigned in behalf of the superintendent of insurance, Gesell asked Mr. Holt to read aloud a letter written by W. H. Gregory to W. H. Baker, then superintendent of insurance, in which Mr. Gregory stated, "We spent money—it was necessary to do it—but you will never know what we spent in fact we do not know ourselves and that is the way it will rest if anything comes up in the future. But in my opinion nothing will come up in the future because there would be too much to investigate. It is our impression that more money was spent in this campaign than probably in any other campaign in Kansas; it

(CONTINUED ON PAGE 22)

Profit Motive Plan Backed by Agents

California Association Adopts Resolution Approving Aims of Institute

LOS ANGELES—The new officers and directors of the California Association of Insurance Agents, at a two-day meeting here, selected Los Angeles as the 1940 convention city, adopted the Profit Motive Institute of Los Angeles as a permanent program, adopted the report of the committee appointed to present a plan for the better enforcement of the guiding principles, favored the ideas of the Individual Enterprises Alliance, but took no definite action regarding it, and discussed the workmen's compensation insurance situation.

Frank C. Colridge was reelected executive secretary, this marking his 10th anniversary with the association.

G. C. Appleton, W. T. Welsh and Harry Perk, Jr., the committee in charge of formulating and presenting a program for the guiding principles, reported, calling for continuance of the educational program, unofficial approval of the plan by companies and asking them to live up to the principles. The report contemplates a full hearing on all complaints, consultation with all interested, no boycott of any company, and asks for a pledge from agents to accept the principles and support the companies adhering to them.

Alliance Project Explained

Individual Enterprises Alliance, through Mr. Miller, presented its claims, outlined its aims and plans, and asked for endorsement of the association board. The board voiced its accord with the objects of the alliance, decided that, in an independent way it would support the alliance, but deemed it inopportune to authorize solicitation for membership in the alliance among association members.

Secretary Richard Waldron of District C, Pacific Board, and Mac O. Robbins, of the committee that has been working for two years on the dwelling schedule, gave a complete outline of what has

(CONTINUED ON PAGE 22)

Veteran Ark. Secretary Is Now Manager as Well



C. C. MITCHENER

C. C. Mitchener, who has been secretary of the Arkansas Association of Insurance Agents for many years, has now assumed the office of manager as well. In his new capacity he succeeds L. R. Martin of Pocahontas, who has resigned. Mr. Mitchener is city manager of his home town of Marianna.

Finance Concern Rumored Middlewestern F. & M. Backer

Although the report can not be confirmed, it is rumored extensively that the interest behind the projected Middlewestern Fire & Marine of St. Louis is the Securities Investment Company, a financing institution of St. Louis. Middlewestern F. & M. was recently chartered with members of a law firm listed as incorporators.

N. Y. Exchange Rule Changes

NEW YORK—Rate and rule changes decided upon by the New York Fire Insurance Exchange at its meeting Wednesday included an amendment to conform to the prevailing practice elsewhere, under which not exceeding 50 percent pro rata reduction is permitted in all cases, except when the coverage includes buildings, or when the policy covers use and occupancy, rents, leasehold interest or extra expense, in all of which cases the maximum pro rata reduction is 25 percent. Restrictions relative to cancellation and rewrite were lifted as of Jan. 1 on policies covering on fireproof mercantile buildings which took effect prior to Jan. 1, 1939. The resignation of the H. A. Klein agency as a class 3 member was reported.

Henry I. Brown Is Feted

Henry I. Brown was feted by the Henry W. Brown & Co. organization of Philadelphia at a dinner, celebrating Mr. Brown's 50 years with the organization. During the course of the evening it was announced that one of the partners of Henry W. Brown & Co. would retire at the end of this year, he being Henry R. Ruhl, who had been with Henry W. Brown & Co. since 1883 and lately has been in charge of the fire department.

Henry W. Brown & Co. was established in 1871 by Mr. Brown's father and Henry I. Brown went with the firm in 1889. He is still active in Philadelphia as senior partner of Henry W. Brown & Co. He is chairman of Brown, Crosby & Co. of New York and is a director of a number of insurance companies.

Moses Speaks at Erie, Pa.

ERIE, PA.—Frank D. Moses, secretary-manager Pennsylvania Association of Insurance Agents, addressed a luncheon meeting of the Erie Association of Insurance Agents, warning the agents to organize and combine their forces against the growth of cooperative movements which attack capital stock insurance.

W. Ray Thomas, vice-president of the state organization, was to have attended the luncheon, but had to cancel the engagement due to illness in his family.

The Erie association has elected Ward L. Hannay, president; I. D. McQuistion, vice-president; H. L. James, secretary, and R. C. Bloomstine, treasurer, both reelected.

N. Y. Auto Underwriters Elect

NEW YORK—E. A. Davis, American of Newark, was elected president of the Automobile Underwriters Club of New York at its annual meeting. C. S. Krause, Commercial Union, was chosen vice-president and E. A. Dawes, Great American, secretary-treasurer.

Forman Heads Accountants

SAN FRANCISCO—R. J. Forman, National of Hartford, was elected president of the Insurance Accountants Association at the annual meeting; J. M. Vickers, Fireman's Fund, vice-president, and W. O. Gropius, of Carl C. Corwin, secretary. H. Buck, Jr., of Balfour, Guthrie & Co., and H. P. Carlyon of the Glens Falls, together with the officers comprise the executive committee.

Two Philadelphians Advanced

W. A. Boone and D. W. Keenan, who have been special agents at the Philadelphia office of the Aetna Casualty since 1930 and 1935 respectively, have been promoted to supervisors there.

Don't look now,

but . . .

. . . do you know who owes you money?
Which clients owe premiums, and how much?
Could you tell without consulting your books?

But suppose your books were destroyed by fire or other hazard? You'd be in a rather tough spot, wouldn't you? So would any business man under the same circumstances. Isn't it easy to understand why business firms welcome being told about Indemnity's Accounts Receivable Policy? Many of them don't even know such a policy is available. Tell them . . . and you'll sell them.

CAPITAL \$2,500,000

**CASUALTY
FIDELITY
SURETY**



**Indemnity Insurance Company
of North America**

PHILADELPHIA

We are anxious to assist the Agent or Broker in securing adequate coverage for unusual propositions.

Michigan Agents Plan for School

Decide to Have an Intensive Study at the Forthcoming Gathering

LANSING, MICH.—A unique departure will be undertaken at 1940 mid-year meeting of the Michigan Association of Insurance Agents here Feb. 13-16, according to plans framed at a conference of the executive committee. Instead of an informal banquet session, followed by a full day's business meeting devoted to association and agency problems, both days will be occupied, except for one morning's round-table business session, with a University of Michigan extension short course in fire, casualty and surety insurance.

Will Have Professor as Instructor

According to the program sketched in its rough outlines, at least one university professor will be present as an instructor, along with several company men who are acknowledged experts in their special lines to conduct the classes. An examination will be given at the close of the instruction period and certificates issued to those showing a passing grade. Insurance department officials have agreed that this certificate will be accepted as evidence of qualification for licensing under the provisions of the agents' qualification act. Many of the questions contained in the manual recently prepared for departmental use will be included in the examination, it is anticipated, as the subjects concerned will have been fully covered by the course.

The business round-table will be conducted the morning of Feb. 13 but there will be no formal speakers.

Will Have a Dinner

To lighten the grind of two days' intensive study, an informal dinner program is planned for the evening of Feb. 15 when Coach Fritz Crisler of the University of Michigan football team and his star All-American halfback, Tom Harmon, will present motion pictures of the Michigan-Ohio State game.

In addition to the university's sponsorship, arrangements for the short course will be made and the affair will be co-sponsored by the newly created publicity and education committee of the state association, headed by C. F. Trager, Lansing, and including Guy M. Cox, Iron River; L. M. Thomas, Ypsilanti; Louis B. Saunders, Grand Rapids; A. E. Barnich, Sheboygan; C. A. Hallberg, Muskegon; H. A. McMartin, Port Huron; Gordon Nutson, Owosso; Fred Esper, Detroit; David Rathbun, Battle Creek; R. A. Bradley, Ann Arbor; Larkin Noble, Kalamazoo, and I. W. Blumberg, Detroit.

Call for New Oklahoma Hail, Extended Cover Rate Filing

OKLAHOMA CITY—In an effort to eliminate an extended coverage and hail insurance rate increase that is claimed to offset the recently effective cut in fire insurance rate, the state insurance board asked the Oklahoma Inspection Bureau to file new rate schedules on these two classes. The action was taken by Secretary B. E. Harkey and Carl C. Garner, fire marshal, while Commissioner Jess G. Read, the third board member, was out of the city.

Harkey stated that if new schedules were not filed the entire structure of fire and hail insurance rates in Oklahoma would be open for investigation. At the same time that the board ordered a reduction in fire rates effective Dec. 1 an increase was approved of from 22 to 26 cents per \$100 in hail insurance rates and from 24 to 28 cents per \$100 for extended coverage. Both increases apply to dwellings.

Commissioners' Personalities

(CONTINUED FROM PAGE 10)

American Legion, handsome in appearance, oratorical in style, possessing a far flung vocabulary, was very animated in some of the discussions especially those before the appraisal committee. He is a member of the American Institute of Real Estate Appraisers and believes in competent work done in this direction.

Fischer of Iowa, another comer that has decided opinions especially as to companies owning real estate, has taken a decided step in endeavoring to force life companies to sell farms that have been held beyond the proverbial five years. He also participated in a number of discussions and is a man who has independent ideas and gives promise to be one of the convention leaders.

Lloyd of Ohio became known to the commissioners in attending their conventions when he was executive secretary of the Ohio Association of Insurance Agents. He is a former newspaperman, former state senator, suave, penetrating in his studies and determined in his objectives. He has a friendly temperament and is always ready with a cordial handshake.

Judge Lucas of Missouri, another newcomer, left a very fine impression. Missouri is a red hot political state and the insurance superintendent has to watch his step. He was placed in his position after an experience on the bench which gives him a rather judicial attitude.

Caminetti Aloof from Influence

Judge Caminetti of California has a decided judicial bent of mind. While he was on the bench, in his personal conduct and associations, he attempted to be entirely independent and free from all entanglements. He wanted to view every question and reach his decision without personal influence or obligation. He is carrying this same sentiment with him in the commissioner's office. He shuns any advances from insurance people wherein he feels an attempt is being made to cultivate him unduly. He perhaps is carrying this course too far and in attending the convention at Edgewater Park he probably realized that a great majority of insurance people are not seeking to prejudice insurance commissioners. They extend little courtesies here and there, they aim to be cordial and realize that personal acquaintance is always beneficial when people talk over vexing problems.

Duel of Wisconsin, a former school man, well educated, exceedingly well read, keeps posted on public affairs. He is afflicted physically with arthritis but his mind is alert and when he speaks he has something to say. He made a shining record as state senator. He is thoroughly conscientious in the discharge of his duties. He expresses himself in a very easy but convincing manner.

Woodward of Texas, the life insurance commissioner and chairman of the board, gives every evidence of being one of the association's strong foundations. He is a sensible, sane man who has his own opinions and who speaks from the ground floor rather than the treetops.

McCormack of Tennessee, again in the harness after having a previous experience as commissioner, is one of the rugged, robust personalities who participates in a number of committees and always acts with precision. He is careful in what he says and does. He is proud of his state and he desires to maintain a strongly administered department.

Colorado's representation at the convention will no longer see the trick standing collar and square Derby hat of Jackson Cochrane. Commissioner Kavanaugh is an attorney. He does not inject himself unnecessarily into the activities, but is always on hand. He is willing to learn and is regarded as a very safe man at the wheel in his state.

Naturally wheelhorses like Major Harrison of Arkansas, Holmes of Montana, Sullivan of Washington, Earle of

Oregon, Bowles of Virginia, can be counted upon to give expression to their views in rather vociferous terms. Earle is the most militant one in the entire convention. He has pronounced views on every question that comes up.

Boney of North Carolina is probably as conservative as any of the commissioners. He does not get far from the oft and long traveled road. He does not believe in fantasies orisms. His colleague in South Carolina, the youthful looking handsome Sam King, who with his pleasant, southern, modulated voice never fails to say, "Now before I leave I want to have a good talk with you," is a captivating personality.

Altogether the commissioners are a splendid lot of men. No one can be at their conventions without realizing that they are trying to do the fair and honest thing. Personally I would rather rely on their judgment combined than any federal administrator at Washington. They work at the grass roots. They are in closer touch with the people, they dislike dictators and they are entirely human. I take off my hat to the entire crowd.

B. C. Fischer in Agency Ranks

LOS ANGELES—B. C. Fischer, agency superintendent National Fire of Hartford in southern California, resigned as of Dec. 31, to enter business for himself. On Jan. 1 he will become executive vice-president and manager of the Investment Insurance Agency of this city, one of the oldest agencies here. He has purchased a substantial interest in the agency and will have entire charge. Mr. Fischer is one of the best known field men in this section, having been here 26 years. He came to Los Angeles as special agent for the Niagara Fire in 1914, and remained with that company for 16 years. On its being taken into the America Fore group, he associated with the National of Hartford Jan. 1, 1930.

Three Declare Extra Dividends

An extra of 50 cents, together with the regular semi-annual dividend of \$1, has been declared by the North America, payable Jan. 15 to stockholders of record Dec. 30.

Besides declaring the regular quarterly of 50 cents, the Hartford Fire will pay an extra dividend of like amount Jan. 2, to stock of record Dec. 15. It likewise will distribute a bonus to its 1,700 employees.

Aetna Fire has declared an extra dividend of 20 cents a share in addition to the regular quarterly of 40 cents. This is the first extra that Aetna has paid for many years.

To Debate Cooperative Issue

SAN FRANCISCO—H. P. North, assistant director of the Business Development Office in charge of Pacific Coast activities, will take the affirmative in a three-way discussion of "Are Cooperatives Undermining the American Way of Life?" to be held by the Downtown Forum Jan. 9. He will speak in opposition to Ray Strong, director of education Associated Cooperatives of Northern California, who will present the cooperative picture. The other speaker will be Borge Hansen-Moller, Danish economist, who is studying the import and export business in the United States and will tell of cooperatives and their activities in Denmark.

An open forum will be held following the discussions.

Plan Tri-State Meeting

COLORADO SPRINGS—At a meeting of the directors of the Colorado Association of Insurance Agents it was decided to invite the Wyoming and New Mexico associations to meet soon in this state to discuss legislation and policies. It is felt that the three-state group

Bugli Opposes Surrendering of Term "Cooperation"

Ralph W. Bugli, advertising manager of London Assurance, contributes to the interesting discussion now taking place on whether stock company people should continue to use the word "co-operation" to describe various joint endeavors in the business at the same time that they are condemning "cooperatives." Mr. Bugli makes public a letter that he has written to Archie B. Millard, prominent local agent of Grand Rapids, Mich., who was quoted in last week's edition as favoring a more discriminating use of terms. The discussion was originated by George E. Melsha, an examiner at the head office of New York Underwriters.

"I can't see how we can honestly get away from the use of the word 'co-operation' in our business," Mr. Bugli writes.

"Nor am I convinced we should artificially force the word out of our vocabulary. 'Cooperation' is a fine English word and no other word quite so closely approximates its description of collective action for common benefits. We're not 'ag'in' cooperation on the part of our non-stock friends; we're fighting against the non-profit element they have sought to introduce into their particular theories of economics."

"This brings up the point Bernard Carter is always careful to emphasize in his talks; the big difference between producers' cooperatives and consumers cooperatives. A cooperative formed by producers has as its aim the increasing of individual members' profits, one of the most notable examples, of course, being the cooperative marketing projects which annually move millions of dollars of California fruit onto our breakfast tables. That type of cooperative project enriches every one, including the middleman, and hurts no one. Cooperation for profit is as much a part of the industrial pattern of this country as our credit system. It is as good as cooperation for the elimination of middlemen's profits is bad."

"We need more cooperation for profit in our end of the business, not less. Local boards, state associations, even the National association and the B. D. O. and the National Board—all these are cooperative ventures and their strength lies in increased cooperation to promote the profit motive in all business."

"I don't want to see the word 'co-operation' turned over, lock, stock and barrel, to our non-profit friends. It's too good a word to give up without a fight and moreover, I don't think we want the public to get the idea non-profit economists are the only ones who work together in harmony. The public, unless I'm mistaken, likes the concept of 'cooperation' in its various general expressions; a well-knit football team, a smooth-rowing crew, an efficiently-run business and the many friendly, homely gestures which can be called acts of cooperation."

"The solution would seem to lie in spreading the true facts about consumers' cooperatives and their non-profit philosophy so thoroughly that the burden of proof of rights to the word 'co-operation' be placed on them, not us. In the meantime I believe we might be able to clarify the situation somewhat by simply referring to co-ops distinctly as 'non-profit cooperatives' in all public utterances."

should have more weight than action by the individual states.

Frank England, Jr., secretary of the Colorado association, announced that a local board has been formed at La Junta. The purpose is to form an Arkansas Valley Association, serving the prosperous valley between Pueblo and the state line, which when completed will become affiliated with the state group.

NEWS OF FIELD MEN

Honor Paid to Old-Timers in the Mountain Field

At an "old-timers" meeting of the Mountain Field Club in Denver, 31 old-timers who had spent more than a quarter of a century each in active continuous service in the field out of Denver were honored guests. Among those present were: Peter Heltzel, with a record of 52 years; Ben Criswell, 50 years; B. M. McDonald, 49 years; Clarence Cobb, 48 years; Nicholas Gardner, 47 years, and Henry F. Evans, 46 years.

A large replica of a covered wagon drawn by oxen furnished a centerpiece for the main table. Novel place cards gave more atmosphere, and old songs of the west sung by the group livened the event.

The historical committee of the Field Club, Ray Stebbins, chairman; W. J. Kulp and R. J. Wallace, was in charge of the presentation of historical information. A large table was filled with exhibits, including a Hartford policy dated 1859, old maps, documents and pictures of the early days. The committee is charged with gathering and preserving information of a like nature. The "old-timers" autographed a scroll which was added to the collection of historical documents.

The annual meeting of the Mountain Field Club will be held Jan. 2.

On the Pacific Coast a number of "graduates" of the Mountain Field Club has attained outstanding positions and they gather from time to time under the title "Arapahoe Club." Among these are: F. M. Avery, A. T. Bailey, C. F. Bailey, C. A. Colvin, William Deans, H. G. Doyle, Cyrus K. Drew, H. C. Edmundson, E. C. Fox, W. H. Gibbons, H. R. Jackson, J. W. Loftus, J. F. Magee, W. F. Murray, M. E. Pinney, H. A. Reynolds, H. R. Schroeter, B. O. Selbach, H. L. Simpson, L. P. Terhune, H. B. Tickner and F. G. White. Upon the occasion of the "old-timers" meeting in Denver, the Arapahoe group received a cordial telegraphic greeting from S. B. McAllister, Daly General Agency, president of the Mountain Field Club.

Weigh Ill. 1940 Meeting Place

Committee of the Illinois Fire Underwriters Association is investigating the question of the meeting place for the 1940 meeting. The decision had been made to hold that convention at the Golfmore Hotel, Grand Beach, Mich., but that hostelry was destroyed by fire recently. The owners have indicated an intention to rebuild, but it seems doubtful that the new building can be completed by next June. The I.F.U.A. will make a decision in January.

Cincinnati Puddle Holds Party

CINCINNATI—The Cincinnati puddle of the Ohio Blue Goose is holding a dinner and Monte Carlo party Dec. 28 at Kenwood Country club, which is open to all members. M. Van Haun, Western Adjustment, 907 Schmidt building, is in charge of arrangements.

N. J. Specials' 20th Anniversary

NEWARK — More than 200 guests from New Jersey, New York and Pennsylvania attended the 20th anniversary dinner of the New Jersey Special Agents Association. A. C. Bachman, Home, president, welcomed the guests and Gilbert E. Stecher, Commercial Union, gave a number of reminiscences. The guest speaker was Dr. Frank Kingdon, president University of Newark. There was also an elaborate entertainment.

Past presidents in attendance included H. W. Wittich, F. L. Bross, R. F. Moore, J. F. Luehs, T. R. Roller, G. H. Buckingham, O. H. Day, P. L. Thompson, S. R. Howard, Henry Borchers, F. H. Lau and C. H. Ebbets.

Caledonian Announces Changes in Several States

The Caledonian has appointed W. C. Starkweather state agent in Ohio. It is understood he will have his headquarters in Columbus. Mr. Starkweather was with the Royal-Liverpool group in its New York office prior to the spring of 1937. He then was transferred to Ohio, being associated with B. T. Duffy in Cleveland. Last fall he was called back to the group's United States head office.

Elliott Succeeds Sharpe

Caledonian also announces the retirement of State Agent Ernest Sharpe, who has supervised Pennsylvania, West Virginia, Delaware, Maryland, District of Columbia. Mr. Sharpe is laying aside his duties with the best wishes of his company and he is being placed on pension. He is succeeded by Warren F. Elliott, who has been special agent assisting Mr. Sharpe. Associated with Mr. Elliott will be Walter G. Clark, who has been trained in the head office at Hartford with subsequent field training in

New England. He is a son of Robert R. Clark, U. S. manager of Caledonian.

Veterans' Dinner in St. Paul

The annual Christmas dinner of the Tribe of Pee-Quack-Osh-Tay Gwon, an organization of veteran field men of Minnesota and Wisconsin, was held in St. Paul. Tribute was paid to the memory of the late John McClure, one of the founders of the tribe, who died a few weeks ago. He was a regular attendant at the dinners up to this year.

Hughes Leaves St. Paul F. & M.

M. L. Hughes, state agent of the St. Paul Fire & Marine for eastern New York at Albany, will sever his connection with the group Jan. 1. His successor has not yet been announced.

Cooley Heads Okla. Underwriters

OKLAHOMA CITY—Harry Cooley, Travelers Fire, was elected president of the Oklahoma Fire Underwriters Association at the annual meeting, with Tom E. Earp, Fidelity & Guaranty Fire, vice-president and John Benson, retired, secretary. John Jones, Phoenix of London; Robert Ellis, Hartford, and Bert Aust, Home, are new members of the

executive committee. Holdover members are J. G. Hayden, America Fore, and C. H. Kelley, Home.

Notton Heads House Committee

KANSAS CITY—A. H. Notton, state agent North British & Mercantile, has been elected chairman of the house committee of the Blue Goose here, and will be in charge of its permanent headquarters. The pond will have its Christmas luncheon Dec. 18.

Catcher Todd the Speaker

Al Todd, catcher for the Brooklyn Dodgers, will speak before the Syracuse Field Club Saturday, telling about his experience in training camps. He will show movies bringing out many of the stars of baseball in action. Catcher Todd was recently purchased by the Chicago Cubs.

To Honor "Dad" Schively's Memory

SAN FRANCISCO—The memory of the late John H. "Dad" Schively again will be honored at the annual Christmas luncheon of San Francisco Blue Goose. He was the wielder for many years prior to his death and long highly esteemed and loved in the fire insurance fraternity. He always was a leading spirit in the an-

EXCEPTIONAL FACILITIES!



Pearl underwriting facilities and service, whether the risk be large or small, will be found exceptional because they're exceptionally complete.

PEARL AMERICAN FLEET

PEARL ASSURANCE CO. LTD., (United States Branch)
EUREKA-SECURITY FIRE & MARINE INSURANCE CO.
MONARCH FIRE INSURANCE COMPANY

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Cleveland, O.
314 Bulkley Building

New York, N. Y.
80 John Street

Cincinnati, O.
2810 Carew Tower

San Francisco
200 Bush Street

Philadelphia, Pa.
525 Chestnut Street

nual Christmas festival of the pond. The speaker will be Rt. Rev. Karl Morgan Block, bishop coadjutor of the Episcopal church. Charles C. Hannan will preside.

Vold, Brown Speak in Ohio

Martin Vold, Jr., Springfield Fire & Marine, and Paul F. Brown, Hanover, addressed the Ohio Stock Fire Speakers Association. Mr. Vold talked on closer relations between companies and the agents and Mr. Brown discussed salesmanship. Meetings have been adjourned until Jan. 8.

FIELD NOTES

For the fourth time, Lieut. Commander S. F. Bryant spoke to San Francisco Blue Goose. H. C. Edmundson, vice-president America Fore, was chairman. Eight new members have been received.

Paul Eldridge, Jr., Nashville, state agent America Fore, is chairman of the Big Brothers committee of the Tennessee Blue Goose, and will direct the sale of a special edition of the Nashville "Banner" to supply Christmas baskets for the city's poor.

The Nebraska Blue Goose will hold its Christmas party Dec. 18 in Omaha.

G. A. Taylor, special agent New York Underwriters, transferred from northern New England field to New York state,

was given a farewell testimonial banquet and gifts by the Pine Tree State Field Club in Portland, Me., following a similar dinner by the Mountain Field Club of New Hampshire.

The last inspection of the year by the Minnesota Fire Prevention Association was held Dec. 13 at Kenyon. Nine towns were inspected this year. Seven towns have been lined up for inspection the first half of 1940.

The Colorado Blue Goose is making plans for a New Year's eve watch party. Plans also are being discussed for a Mardi Gras party about Jan. 15.

The winter dinner dance of the California Blue Goose, Los Angeles, was attended by 40 couples.

The Iowa Blue Goose will hold its final Monday luncheon of the year on Dec. 18.

The Christmas party of the Smoke & Cinder Club of Pittsburgh will be held Dec. 18.

J. R. Maloney, examiner in the bureau of statement analysis of the California department, has passed the bar examination and will take his oath Dec. 21. He has been with the department for eight years, studying law at night at the University of San Francisco.

Head Important Committees



C. STANLEY STULTS



DAVID A. NORTH

C. Stanley Stults of Hightstown, N. J., has been appointed chairman of the finance committee of the National Association of Insurance Agents, and David A. North of New Haven, Conn., has been appointed chairman of the membership committee. Mr. Stults, having

served three terms, has just retired as a member of the executive committee. Mr. North has just been appointed to serve his second term on the executive committee. Mr. Stults was finance chairman last year as well. Being close at hand, he is frequently consulted at headquarters.

COMPANIES

Sprague Marine Head of Home

Mortimer E. Sprague has been designated by Home of New York as the executive in charge of the marine department. He will sever his connection with the service department, in which he has been secretary and general manager. Just recently Mr. Sprague was elected vice-president and secretary of Home.

Assistant Secretary John A. Morrow of the marine department will continue to have active supervision of that department.

Vice-president Ivan Escott relinquishes his jurisdiction over the marine department and continues in charge of the service department, assisted by Assistant Secretaries Arnold Grasse and Felix Hargrett.

Macnabb Retires as Fire Manager

Hugh Macnabb has retired as fire manager of Eagle Star and has been elected to the main board. He is well known in this country to insurance people, as he has made numerous visits here. Before joining Eagle Star, Mr. Macnabb was connected with Norwich Union Fire.

Reinsures Fire and Tornado

Fire Association has reinsured the entire outstanding liability under the fire and tornado policies of Pennsylvania Indemnity Fire in Pennsylvania, New Jersey, Delaware, Maryland, District of Columbia, Ohio and Virginia, which comprised the entire field of their operations. Pennsylvania Indemnity and Pennsylvania Indemnity Fire are owned by Ohio Casualty.

New Denver Officers Elected

DENVER—New officers elected by the Denver Association of Insurance Agents are: C. W. Schoelzel, president; Edward Eudry, vice-president; Harold Shuteran, secretary, and L. L. Lloyd, treasurer. The directors include the president and secretary, H. O. Wilbur, Frank England, Jr., David Krohn, Herbert Leibman and Herbert Fairall.

Bulske's Study of Unusual Risks Proves Popular

The volume, "101 Unusual Classes of Risks," a non-technical manual and guide for agents, field men, inspectors, underwriters and examiners, by M. E. Bulske, chief inspector of the National Inspection Company, is proving most popular.

Mr. Bulske treats fire risks which by reason of peculiar character, unusual processes, high hazard or lack of volume, do not generally appear on line sheets. These are usually the very risks that present problems to company executives, examiners, field men, inspectors, raters and agents—and concerning which they know the least. These are also the risks on which authoritative information is scarce.

Mr. Bulske analyzes the predominant hazard of a risk and tells how they are best safeguarded. He submits the average underwriting experience and expresses an opinion concerning quality and acceptability. In classes presenting a problem of unacceptability, he outlines what action ought to be taken to make them acceptable.

The book is written in non-technical language that is easy to read and comprehend. As chapters run only two to four pages in length, each covering one class of risk, the reader may get a clear picture of each class in a very few minutes.

The book is available from THE NATIONAL UNDERWRITER at \$2.50.

Class Sees A.D.T. Devices

One hundred and five of the 120 members of the New York Insurance Society fire insurance course witnessed a demonstration of the American District Telegraph Company's protective devices in its new display room in New York City. C. W. Brandt, suburban department American of Newark, and W. O. Lincoln, chief engineer, Fireman's Fund, who conduct the class, made the arrangements. The students were much impressed by the demonstration, which was a valuable supplement to the classroom material.

A number of insurance organizations have arranged to witness the demonstrations, the total number of persons included being more than 600. In January the New York fire examiners will spend several days studying the operation of the devices.

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insurance
agent just
as you pick
your bank

AGENTS' Free
3rd dimension
ADVERTISING

Announcing unit No. 10 in
our anniversary series of

Standard Protection
CAPITAL STOCK COMPANY INSURANCE

Your insurance agent is one of your most important offices. He's the man who, with your cooperation, can protect your property, your wealth, your earning power and your loved ones. Pick him just as carefully as you pick your bank. This agency is eager to serve you in every possible way. We'll be glad of any time to check over ALL of your insurance—to be sure it covers your risks exactly as you WANT it to. May we hear from you—soon?

Davidson Agency

Martin T. Johnson
President

Illustrated above is the final agent's mail piece (with an actual metal toy pick attached as shown) in the KANSAS CITY's current agents' advertising campaign. It goes thru the mail for 1½c—just as it is. The address is on the other side.



KANSAS CITY Fire and Marine

INSURANCE COMPANY

CHICAGO OFFICE:
INSURANCE EXCH.

KANSAS CITY,
MISSOURI

Iowa to Pass Up Mid-Year Meeting

Select Des Moines for 1940 Parley—Brown Stresses Ethics

DES MOINES—The Iowa Association of Insurance Agents will pass up a 1940 mid-year meeting and concentrate on strengthening its organization through district forums and at the next state convention which will be held in Des Moines.

In two crowded days of activity, the executive committee at a meeting here rounded out plans for the coming year and then met with Iowa field men at a joint luncheon to go over the new plans.

Those in attendance were: President Harry C. Brown, Mason City; Secretary John S. Cutter, Shenandoah; R. W. Forshay, Anita, national councilor; Chairman B. C. Hopkins of Des Moines, and Robert S. Andrews of Sioux City; Leon Morse, Council Bluffs and Frank Stouffer, Colfax, regional vice-presidents.

Both Des Moines and Cedar Rapids made strong bids for the 1940 meeting and with the selection of Des Moines, Cedar Rapids has a strong claim for the 1941 parley. Convention dates will be Sept. 11-12 with the executive committee meeting the evening of Sept. 10.

Steady Membership Increase

Secretary Cutter reported a steady increase in membership which now stands at 476. Membership more than doubled last year with an increase from 219 to 468 up to the Mason City convention last September.

President Brown reported that several new boards were in the process of formation with a new one established this week at Charles City.

Mr. Brown struck the keynote at the luncheon with the field men, by declaring that "Your problems are our problems." He thanked the field men for their work, giving them credit for helping make the association what it is. "You men have done a splendid job and everyone of our officers, executive committee and members appreciate your efforts."

In discussing the code of ethics to uphold good practices and to oppose bad practices, Mr. Brown said agents are fearful that the minor violations and rate deviations practiced by some in the state will impair the present standard. "We feel that with your assistance we are capable of selling a good commodity at the proper or going price and that occasional or minor deviations from this will result in chaos which will in turn result in a padlock on the office doors of many good agents in this state. I plead with you for assistance in upholding good practices and opposing bad practices."

Praise Field Men

Mr. Hopkins praised the field men for their work in the past and cited the recent gain in membership which he said was made possible through their aid.

Mr. Cutter reported on the prospect list of agents which is being prepared for distribution. Despite the large increase in membership, dues are no more delinquent than normal.

Mr. Forshay, who took an active part in helping to get the insurance program through on corn loans, pointed out the necessity of local agents to file their names with county agents to be eligible for loan certificates. Because Iowa has approximately one-half of the sealed corn, Washington officials are watching the Iowa agents to see how they handle corn loan certificates.

Don K. Eva, formerly with the General Exchange in Spokane and Portland, has been named head of the insurance department of R. H. Strong & Associates, Portland, Ore.



As caught by Harry H. Fuller at convention of insurance commissioners at Edgewater Park, Miss.: Ralph Davis, Florida department; J. H. Talley, Florida deputy; W. V. Knott, Florida commissioner; P. J. Dunn, South Dakota commissioner; Frank Yetka, Minnesota commissioner.

Midyette's Differences with Home Are Set Forth

The "American Agency Bulletin" printed in its Dec. 8 edition an exchange of correspondence between Payne H. Midyette of Tallahassee, vice-president of the National Association of Insurance Agents, and Harold V. Smith, president of Home of New York, in connection with the resignation by Mr. Midyette of his representation of Home.

Mr. Midyette resigned his agency with Home in protest against that company's reinsurance agreement with Paramount Fire. There is reproduced Mr. Midyette's letter of resignation which expresses regret at being impelled to terminate a friendly relationship that has existed for many years. There is a reply from Mr. Smith. He expressed surprise at Mr. Midyette's resignation. Mr. Smith referred to the action taken by the executive committee of the National association at the Boston convention and said he had been laboring under the impression that no action of individual members of the executive committee would be taken "until at least I had been given the courtesy of a call by members of the committee."

Mr. Smith said that while he was in Boston, he was informed that the special committee that was then appointed would arrange to interview him in connection with the reinsurance of Paramount. "I also was advised," Mr. Smith declared, "that they would look into the actual practice of the Paramount, for you must be aware that there are many similar situations far worse in my opinion as far as the effect on the business of insurance is concerned for a great many of the old line companies, in order to pay excess commissions, have arranged for reinsurance contracts for the entire liability of companies for local situations. If you have a copy of Best's without difficulty you can see who they are."

Mr. Midyette said that Mr. Smith was not correct in assuming that no individual members of the executive committee would resign their representation of Home until after the members of the committee had called upon Mr. Smith.

San Francisco Brokers Put Jones in as President

SAN FRANCISCO—E. Pym Jones was elected president of the Insurance Brokers Exchange of this city at the annual meeting. He has been first vice-president. R. D. Connolly, second vice-president, was elevated to first vice-president. R. D. Blake was elected second vice-president. Members of the board elected with terms to expire December, 1941, are: D. B. Bowley (immediate past-president); P. C. Deering and C. H. Kispert. Members of the arbitration committee elected with terms expiring in December, 1941, are Walter Polland and H. M. Snyder.

In addition to the usual committee reports, members heard an address by Harold B. Haas, assistant commissioner,

on legislation enacted at the 1939 legislature.

N. J. Executive Committee Meets

NEWARK — The executive committee of the New Jersey Association of Underwriters is meeting here Dec. 14. Members of the committee are: H. M. Farrow, Red Bank, chairman; W. J.

Waldron, Trenton; Alfred Christie, Bergenfield; S. J. Shuttleworth, Atlantic City; W. D. O'Gorman, Newark; W. H. Spiegelberg, Jersey City; H. D. Holmes, Summit; J. G. Chesney, Paulsboro, and all of the officers.

The association is making elaborate plans for the mid-year meeting, in this city March 7-8.



With the advent of steam the sailing packet "Savannah," which had been designed to run on the service between New York and Havre, was given auxiliary steam machinery and was the first steamship to cross the Atlantic, sailing from Savannah in May 1818. She used her engines for only 80 hours of the voyage, but even at that arrived at Cork with her coal consumed. Afterwards she visited the Baltic, where she aroused great interest.

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EDITORIAL COMMENT

Voice from Two Field Bodies

IT WAS significant at the meeting of the NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS at Edgewater Park, Miss., that two of the large field organizations represented there by their presidents, both of whom spoke from the rostrum, came out very pronouncedly in favor of state supervision and condemned any attempt on part of the authorities at Washington to concentrate control of insurance in the federal government. SIDNEY O. SMITH of Gainesville, Ga., president NATIONAL ASSOCIATION OF INSURANCE AGENTS, and C. J. ZIMMERMAN of Chicago, president NATIONAL ASSOCIATION OF LIFE UNDERWRITERS, both freely and emphatically gave the sentiment of the members of their organizations, stating that they regarded it as a most dangerous movement on part of the federal government to attempt to secure control of insurance.

If the various insurance organizations were polled, it perhaps would be discovered that without a single exception, or

at least with but one or two exceptions, all are in favor of continuing the present system. President ZIMMERMAN stated that the best way to ward off federal control would be to make state supervision more efficient and it should be able to meet all demands.

The insurance business takes the position that the interests of the insuring public would be jeopardized if supervision were entirely concentrated at Washington and subject to the judgment of one official or bureau. Any mistake now made is confined to one state and not to the country at large. A single commissioner may be entirely unjustified or biased in his action and yet the result is not felt throughout the nation. It is confined to a commonwealth. The insurance people are certain in their own minds that the centralization of power in Washington has already gone too far and the government should not in any manner be supported in its effort to get control of insurance.

Seeking Definite Interpretation

UNDoubtedly local agents are very much confused and often aggrieved because they cannot secure from their headquarters a definite ruling or opinion and interpretation of some form of policy coverage or some provision. R. M. SAYLOR of Oakland, Cal., in a talk before the California local agents, made a rather unique recommendation in that he advocated a "house of uniform interpretation." He stated that almost every day an agent is called upon to commit himself in interpreting provisions and policy coverages. Very often if he addresses his company headquarters he may get as many different interpretations as he has companies. He asserts that an agent in

his community should merit the confidence and respect of his clients. They are entitled to a definite interpretation or ruling, in his opinion.

It frequently happens that where some coverage or provision has not been interpreted by the court, company officials hesitate to bind their companies in writing. However, we will agree that there is merit in the suggestion that some organization might be assigned this function in order to bring about greater uniformity and render a real service to agents. However, some existing association should be utilized and no new one established. We already have far too many associations and committees.

Growth of Women's Organizations

IT WOULD be interesting if someone would compile a list of the women's insurance organizations that are now active. During the last year or so there has been keen interest in this movement. Chicago is the latest city to take up the organization plan and it bids to be one of the best. In cities where the insurance women now have associations they are deriving benefit from conference among themselves and listening to speakers on insurance or other topics.

We should none of us minimize the value of women employees in insurance.

Very often, especially in the smaller places, a woman is the key person and runs the business so far as the inside details are concerned. A number of women are prominent agents. Others have taken high rank in insurance organizations or acting as heads of departments and executives with companies and agencies. There has been much accomplished in the way of raising the standards of young men and training them for higher positions. It is encouraging to have the women recognize their own value to the business and de-

sire to increase their worth by rendering a still more efficient service. It is perhaps a reflection on the men in the business that they have allowed the

women to promote their own organizations without any great amount of stimulus or assistance from their employers.

National Agency Association Expense

Now and then some state association or member of a state local agents body criticizes the NATIONAL ASSOCIATION OF INSURANCE AGENTS for its expense ratio. Notwithstanding this feeling it must be understood that the members as a whole have thrust upon the National body duties that have naturally increased its expense. The increase in expense has not been due to the executive office people themselves but to the National body as a whole. For instance, the membership of the executive committee has been enlarged. This means naturally increased expense at meetings.

The expenses of the executive committee are paid when they are called to meetings. The national body is summoned to render additional service of various kinds. This all costs money.

Every time that the members vote to have the National association do this, that or the other, they simply add to its overhead. It is well to consider the cause of increased expense, where the increase originates and the justification for the extra demands made. Any criticism of the organization should be entirely fair in this regard.

PERSONAL SIDE OF THE BUSINESS

H. Oram Smith, manager Texas Inspection Bureau, was a visitor in Chicago last week. He attended various section and committee meetings held by the National Fire Protection Association. In addition, on Tuesday night, he was a guest of the Insurance Club of Chicago.

Bert S. Berry, Hutchinson local agent and secretary of the Hutchinson Life Underwriters Association, was named a director of the Kansas Horticultural Society at the annual meeting in Wichita.

F. E. Sammons, vice-president of Hanover, and his bride have returned to New York following a five weeks' wedding trip to the Pacific Coast. The journey west was overland, while return was made via the Panama Canal.

Walter D. Williams, retired president and western manager of Security of New Haven, suffered the fracture of his upper right arm when he slipped and fell upon entering his home at Rockford, Ill.

Don H. Bates of Durham & Bates, Portland, Ore., described himself as "just a collector of sailing ships" after his recent purchase of the 40-year old bark "Star of Finland." Less than a month previously he had acquired the four-masted schooner "Sir Thomas Lipton" and thus owns the last two remaining "white wings" on the Pacific Coast. The "Star of Finland," originally the "Kaiulani," was built in Bath, Me., in 1899 for King Kalakaua of Hawaii. It was later active in the Alaska salmon industry.

Mrs. J. K. Shepherd, wife of the Little Rock general agent, who was injured in an automobile accident near Fordyce, Ark., several days ago, was removed to her home Sunday from a hospital, where she was taken following the accident. Mrs. Shepherd was injured less seriously in the same mishap.

Harry W. Chesley, assistant manager Western Underwriters Association, who has been confined to St. Luke's Hospital in Chicago for the last three weeks,

will not be able to return home for some time. He was in a weakened condition and it is possible that an operation will have to be performed. It was thought a few days ago that Mr. Chesley would be able to return to his home this week but this proved to be a mistake. He sits up a short time each day and can talk over the telephone. Mr. Chesley has had an infection of the bladder.

Stanley Lachman, Chattanooga local agent, retiring potentate of Alhambra Shrine, was honored at a reception and ball.

William E. Evans, Iowa special agent of Phoenix of Hartford, was stricken with influenza at his home in Des Moines. His condition was such that it was believed he would have to be moved to a hospital.

Arch Miller, Des Moines, retired state agent of New York Underwriters, has been confined to his home by illness. He has been in poor health recently although attending the Blue Goose meetings on numerous occasions.

Charles P. Hall of Wauwatosa, Wis., superintendent of agencies for Standard Fire of New Jersey, has entered the grandfather class. His daughter, Mrs. Filmore F. Lueck, became the mother of a daughter, Patricia Anne. Mr. Lueck is connected with the Hall Insurance Agency.

DEATHS

Charles M. Paden, Des Moines local agent, died at the age of 76 in Iowa Methodist Hospital. Burial was at Belle Plaine, Ia. Mr. Paden was an adjuster for Great American for 25 years, traveling in Iowa, and organized his own agency 15 years ago.

Lubin M. Stuart, who retired about a year ago as vice-president, secretary and treasurer of Northwestern National, died in Milwaukee. He had been ill even prior to his retirement. He had been connected with Northwestern National 44 years. Mr. Stuart was inter-

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As Harry H. Fuller touched off flash bulb at insurance commissioners convention: Walter H. Bennett, general counsel National Association of Insurance Agents; George A. Bowles, Virginia commissioner; F. W. Franzen, vice-president Commercial Casualty and Metropolitan Casualty; W. B. Rearden, executive vice-president Firemen's.

ested in work among boys and was a director of the Milwaukee Boys School. In his active years he was particularly interested in the Scotch sports of curling and bowling on the green.

C. H. McGREW of the McGrew & McGrew agency of Galesburg, Ill., is dead. He had been in the business 30 years.

John A. Lowry, 69, Big Timber, Mont., local agent, died from paralysis. He established his agency 40 years ago.

E. T. BEARSE, 79, of the Bearse Insurance Agency, Chatham, Mass., died there.

J. H. Hodgman, 77, local agent at Camden, Me., died in Camden.

L. W. Wakefield, 70, pioneer agent of Forsythe, Mont., died from injuries sustained in an automobile accident. He had conducted an agency there 30 years.

Oren Murphy, 65, for 40 years with the Cragun Abstract Agency, Kingman, Kan., died there following two years of ill health.

Curtis Is General Counsel of Ohio Farmers

C. E. Curtis has been advanced to the position of general counsel of Ohio Farmers and Ohio Farmers Indemnity. He succeeds C. D. McVay, vice-president and director. Mr. McVay will devote his entire time to the duties of his offices. Mr. Curtis for the past several years has been assistant to Mr. McVay in the legal department.

Bethlehem Exchange Elects

BETHLEHEM, PA. — The Bethlehem Insurance Exchange has elected these officers: Harry Green, president; Walter C. Ruthhart, vice-president; Howard K. Towles, secretary-treasurer.

Legislator Would Cut Ill. Department Budget in Half

A. L. Lund, Republican member of the Illinois legislature, has received considerable publicity in the daily papers in connection with his proposal that the appropriation for the Illinois insurance department be reduced by about 50 percent. The appropriation for the 1939-41 biennial period for the insurance department is \$1,154,480. He compares this with the figure of \$747,450 ten years ago. He states that the number of employees in the department has been doubled and contends that the amount of work has not increased.

Those who feel that the work of the insurance department should not be curtailed, point out that only about 5 percent of the revenue derived from insurance goes for the maintenance of the department. The rest is available for the general expenses of the state. The point is made that before the present administration in Illinois, the insurance department was loosely operated and conditions developed that resulted in the failure of many companies. Mr. Lund seemingly objects to the employment of so many examiners, stating that the number of companies is less than it was and hence that there should be fewer examiners. He fails to point out that it is the insurance companies and not the state that support the examiners.

"Ad" Conference to Meet in New York Feb. 29-March 1

The executive committee of the Insurance Advertising Conference, together with chairman of various committees, held an all-day session in New York to plan the program for the coming year. It was decided to hold a two-day conference at the Hotel Biltmore, New York, Feb. 29-March 1.

R. C. Dreher, Boston and Old Colony, president of the I. A. C., announced his committee appointments. Chairmen are: Program, C. W. Smitheman, Camden Fire; membership, Jarvis W. Mason, National Fire of Hartford; merchandising-research, R. W. Bugli, London Assurance; frontier safety, C. W. Van Bevynum, Travelers; publicity, A. D. Grose, Employers Liability; to cooperate with life insurance organizations, E. M. Hunt, Mutual Life of New York; standards of practice, John Ashmead, Phoenix of Hartford; Accident and Health Insurance Week, R. J. Walker, Standard Accident; display, C. E. Freeman, Springfield Fire & Marine; fire insurance public relations, W. L. Lewis; to cooperate with the trade press, C. J. Fitzpatrick, United States Fidelity & Guaranty Company.



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The NATIONAL UNDERWRITER

December 14, 1939

CASUALTY AND SURETY SECTION

Page Nineteen

Accident Policies, War Risk Clauses Receive Attention

Insurance Commissioners Committee Had Hearing and Made a Report

The accident and health committee of the National Association of Insurance Commissioners had a meeting at the semi-annual convention at Edgewater Park, Miss., presided over by McCormack of Tennessee. Commissioner McCormack stated that the committee under the chairmanship of former Superintendent Bowen of Ohio had recommended that all states introduce bills governing standard provisions for group accident and health policies. There is an increase in sale of group and hospitalization insurance, he said. It is desirable that all carriers of any kind writing such coverage should be under the supervision of the state insurance department. He said that some of these concerns are of doubtful solvency.

War Clause Provision

When it comes to war clauses there evidently has been some confusion between life and accident policies. Four states have disapproved war clauses. The war risk exclusion clause is found in all modern policies but some of the old policies do not have such. They are renewed from year to year and in view of the fact that some have liberal provisions of other kinds the policyholders prefer to hold the old policies rather than to have new ones. Since the world war it was explained that all policies included war risk exemption. It is desired to have a rider that can be attached to old policies. The war risk provision in the modern contract, it was explained, had been approved by all the states.

It was explained by Harold Gordon of the Health & Accident Underwriters Conference that the companies desire to have a clause that can be used on old policies. It was explained by Director Palmer of Illinois that there is a difference between the war exemption clause in the present policies and the suggested rider to be used on old policies. He declared that the suggested rider is too broad. He suggested that the language now used in present policies be used as a war rider for old policies so that all would be uniform. It was finally left to a subcommittee consisting of Woodward, Texas; Rouillard, New Hampshire and Palmer, Illinois, to confer with company officials and draft a satisfactory war risk rider for old policies.

Report of the Committee

The committee brought in the following report:

"The subcommittee appointed by the

New Lines Grow Out of Restrained Administration

In his address "Flexibility in American Insurance" before the casualty and surety committee of the National Association of Insurance Commissioners at Edgewater Park, Miss., E. W. Sawyer, New York, attorney National Bureau of Casualty & Surety Underwriters, said that the progress made by insurance companies in developing coverages and services not contemplated in the rigid legislation under which carriers are incorporated is due almost entirely to the "horse sense" administration of the laws by insurance departments. The commissioners apparently have not knowingly followed a definite path in permitting innovations not specifically authorized by statute, but have used their veto power temperately and judiciously, with an instinctive understanding of what is best.

Unlike the course in England, where an insurance company is simply an insurance company, free to write any kind of insurance, provided it has sufficient financial strength, American insurance has sprung from legislative acts. The first insurance corporations were chartered specifically by the legislatures and these acts narrowly defined the insuring powers of each carrier. Later, general incorporation statutes under which insurance companies might be organized were passed, but narrow statements of insuring powers were embodied. As new types of insurance were needed, new incorporation statutes were passed. The result was a series of statutes, each authorizing incorporation of an insurance company to write one type of insurance.

Combinations of Powers

The next development, Mr. Sawyer said, brought about laws for the incorporation of insurance companies to write more than one of the defined types of insurance. These laws were not uniform and were not entirely satisfactory. As recently as 1902, Massachusetts had no law authorizing the organization of a company to write more than one of the 13 distinct types of insurance defined in that state. Even within the three general groups of insurance, there are still in some states meaningless restrictions within these groups.

Of the three major groups of insurance, life, fire and marine and casualty, the segregation of life insurance has followed the general practice of companies. The distinction between fire and marine insurance on one hand and casualty on the other hand is arbitrary and has less basis in logic. It has seriously interfered with public interest and has impeded the development of comprehensive policies. Public need has been served by the poor substitute of joining a fire carrier and a casualty carrier in one contract.

Amalgamation Not Wanted

While it is easy to maintain that the distinction between fire and casualty companies should be abolished, Mr. Sawyer said, accomplishment of this end would be difficult. Although it seems logical that a carrier which possesses sufficient financial strength to write all

types of insurance should be permitted to do so, the truth is that fire insurance carriers are not enthusiastic over the prospect of invasion of their field by casualty companies and casualty companies do not welcome the suggestion that fire companies be allowed to write casualty lines.

Until the impediments to flexibility have been removed, Mr. Sawyer said that the principal concern of the insurance world is to live with them.

As an indication of how insurance contracts have grown beyond their original bounds, Mr. Sawyer cited the many additional hazards now covered by fire insurance companies, such as windstorm, explosion, riot, vandalism, sprinkler leakage, collision, property damage liability and indirect losses such as rents, use and occupancy, errors and omissions. Life insurance, originally payable only on the death of the assured, has acquired investment and other features. Liability insurance, originally faced with general suspicion on the ground that it was an officious and unlawful intermeddling in litigation between other parties, and that it might be contrary to public policy because it encouraged negligence, has evolved to the point where it is now frequently considered protection for injured persons and the companies have added many features such as payment of medical expenses, defense of litigation, payment of interest on judgments, inspection service, etc.

How Powers Grew

Wittingly or unwittingly, certain principles usually followed in the development of insuring powers have been generally recognized, Mr. Sawyer said. A statute regulating insurance is an exercise of police power to protect the public interest, and it will be interpreted and applied to protect the public from harm and to permit the public the advantages of improvement. An unequivocal restriction on insuring powers will be construed as a prohibition in the public interest, even though the need for protection is not apparent, but an expansion of insurance in the public interest will be permitted unless it is unequivocally prohibited. Upon this principle, life insurance companies added disability provisions to their contracts before being specifically authorized by statute to do so. Similarly, medical aid coverage for injured employees was added to employers liability policies.

Services have been properly recognized as incidental to the powers of carriers, and by virtue of this workmen's compensation carriers provide accident prevention service and liability carriers provide elevator inspection service. Mr. Sawyer also pointed out that specific authority to insure against a hazard carries with it an implied power to insure against part of the hazard, on the theory that the whole is greater than any of its parts, and thus fire insurance carriers have insured against riot, sabotage and vandalism.

Another point made by Mr. Sawyer was that improvements in insurance brought about by the carriers through an appreciation of the public need are

Committee to Study Resolution About Automobile Rates

Commissioners to Ponder Over Resolutions Presented by Waters of Texas

At the meeting of the casualty committee of the National Association of Insurance Commissioners at Edgewater Park presided over by Commissioner Gontrum of Maryland as chairman, Commissioner Waters of Texas presented two resolutions. The first stated that the present situation with respect to automobile rates presents a number of disturbing conditions, potentially dangerous to the orderly conduct of the business, the solvency of the carriers, and the proper protection of the insurance buying public. Furthermore, he said, recent developments in the field of automobile rates raise a reasonable question as to whether such are now being developed on a proper basis. The resolution called attention to the fact that the National Council on Compensation Insurance had proved an effective and satisfactory medium for the collection and application of workmen's compensation experience to the development of adequate, reasonable and non-discriminatory rates. Therefore, the resolution recommended that the convention request the membership of the National Council to take such steps as are necessary to amend its constitution to enable it to include automobile casualty insurance as one of its activities. It is proposed that the National Association of Insurance Commissioners will have three of its members to be known as the "National Council Committee" to act in a supervisory capacity.

Alternative Resolution

The second alternative resolution requested that the convention appoint a special committee to study the question of automobile rates and consider the advisability of establishing under the sponsorship of the association a national non-partisan rating organization for all items of automobile insurance similar in form to the National Council on Compensation Insurance to report to the 1940 annual meeting.

After considerable discussion Chairman Gontrum appointed as the committee Waters of Texas, chairman; Harrison, Arkansas; Pink, New York; Rouillard, New Hampshire, and Harrington, Massachusetts.

Commissioner Waters, in explaining the two resolutions, stated that the purpose was to create a non-partisan statistical bureau to gather automobile in-

(CONTINUED ON PAGE 20)

technically superior to improvements forced by legislative acts and should be encouraged if not obviously contrary to law.

Accident Age Limit, Writing Firemen, Discussion Topics

Problems of maximum and minimum age limits and the writing of volunteer fire departments were reviewed in a round table discussion at the meeting of the Chicago Accident & Health Association Tuesday, with Donald E. Compston, Provident Life & Accident, as chairman.

In connection with the upper age limit for accident insurance, reference was made to the plan followed by most of the companies that are members of the Bureau of Personal Accident & Health Underwriters, of continuing risks already on the books from ages 70 to 80, with an increase of 20 percent over the premium charged at age 70, with a maximum of \$10,000 principal sum and \$50 a week. It was also brought out that some companies are continuing such risks at the same premium but with reduction of principal sum. The policy recently brought out by the Mutual Benefit Health & Accident for risks 55 to 70 was also described.

Sharp criticism was voiced of the unwillingness of most American companies to write new business on over-age risks, which necessitates placing the bulk of such business with London Lloyds. One speaker said they are "either blind to the facts or won't try anything new." There was some difference of opinion as to the hazards of these older age risks. While the general view has been that there is a decided increase in both accident frequency and severity over age 65, the suggestion was advanced that many of the accidents to older age risks result in death within a short time and that there are not so many protracted disabilities. It was also brought out that in a total population of 130,000,000 in the United States, there are only about 6,500,000 above age 65.

In connection with the reduction of the lower age limits from 16 to 14, the point was made that consideration must be given to the economic value of the risk, with a limitation to \$2,000 principal sum and \$500 reimbursement. It also was brought out that some companies are writing a considerable amount of income indemnity business on high school students, with a limit of \$7.50 a week, usually intended merely to take care of medical costs.

On the volunteer fire department coverage, the discussion centered principally around the new Indiana law, which was declared to be so ambiguous in its terms that there is a serious question as to whether it can be written with safety under any conditions. There was also criticism of the practice of writing volunteer fire departments at a flat rate, regardless of the number of men, as not being good underwriting. It was brought out that with some companies the charge is made according to the number of pieces of apparatus and in others according to the population of the town. The Illinois law on group accident and health insurance now sets a minimum limit of 25, but a letter from Insurance Director Palmer was cited, in which he stated that he would have no objection to a reduction in this limit, so as to take care of the smaller fire departments.

Participants in the discussion included Joe Knowles, Hartford Accident; R. B. Kegley, Moore, Case, Lyman & Hubbard, association president; Charles Pohl, U. S. F. & G.; C. S. Revenaugh, Maryland Casualty; C. T. Redfield, Mutual Benefit Health & Accident; Harold R. Gordon, executive secretary Health & Accident Underwriters Conference; A. H. Reed, Fidelity Health & Accident; and R. R. McKenzie, American Service Bureau.

Excerpts from a report made by the Chicago Better Business Bureau on the Provident Service Association, recently launched to supply medical care on a non-profit basis, were read.

President Kegley stated that nearly



At mid-winter conference of National Association of Insurance Commissioners:

Top row—Mrs. C. R. Fischer, Des Moines; Miss Catherine Howe, New Orleans.

Bottom row—Roy B. Rummage, Arizona commissioner; Anthony Caminetti, Jr., California commissioner; C. W. Smith, Arizona department.

75 responses had been received to the letter sent out regarding the participation by insurance offices in the non-profit plan for hospital care, all of them favorable to the association's stand. He read excerpts from several of them.

Announcement was made of the program for the next three months. At the January meeting, Dr. R. G. Leland, director of economics American Medical Association, will be the speaker. The sales congress will be held in February, with R. E. Watts, Pacific Mutual Life, and George Robson, Connecticut General Life, as co-chairmen. The stag party also will be held that month. In March there will be a round table discussion on conservation, in charge of E. H. Ferguson, Great Northern Life.

No Commissions on Assigned Massachusetts Auto Risks

BOSTON — Boston brokers and agents have been unofficially informed that the Massachusetts Automobile & Accident Prevention Bureau has turned down their requests for commissions on compulsory coverage for assigned risks placed with bureau companies under the recently adopted permanent assigned risk plan.

The companies, it is stated, point out that the law provides that workmen's compensation risks in extra-hazardous classes may be assigned without payment of commissions and that this establishes a precedent for compulsory liability coverage.

Certain agents and brokers, however, believe that some companies, expecting servicing of assigned risks by agents or brokers, will waive the general rule and allow commissions to be paid in such cases.

Separate Premium Income Classes

NEW YORK—Under the blank forms the insurance department will issue calling for 1939 results, casualty companies will be required to separate the premium income received from excess of loss covers from that derived from direct business. Such data hitherto has not been available.

Whether the department has authority to fix rates for excess assumptions is not clear. Some company officials contend it is without such power, and have been accepting excess of loss business at rates they deemed equitable. The rates for the class are relatively low, but are justified by the carriers on the ground that the commissions are likewise low and the cost of loss adjustments slight, the excess line company following the settlements of the direct writing office, and the loss experience on the whole being favorable. Just what the loss experience actually amounts to is unknown, nor will such information be available until the returns from all companies have been received and tabulated.

California State Fund Active

LOS ANGELES.—An interesting sidelight on the activities of administrators of the California state compensation fund, and the efforts to establish a monopolistic system in this state, is offered by the state controller's refusal to approve a number of expense accounts of state officials for out-of-state travel. The largest item in the list was \$800 for E. V. Smith, assistant executive secretary of the state fund, "who

Chicago Cost Head Sets Up Office

George E. Turner, administrator of the casualty and surety acquisition cost conferences for Chicago, is being installed in permanent headquarters at 1616 Insurance Exchange this week. The telephone is Wabash 8664. E. J. Schofield, chairman of the conferences, who went to Chicago with Mr. Turner, remained until last Friday, when he returned to New York. Mr. Turner intends to return to Hartford for the holidays and then will set up his permanent residence in Chicago.

A. A. Korte of W. A. Alexander & Co. opened the meeting the other day of Chicago managers, in his capacity as president of the Surety Underwriters Association of Chicago. He turned the meeting over to H. N. Douglass, New Amsterdam Casualty, who is president of the Casualty Managers Association of Chicago. Mr. Douglass introduced Mr. Schofield and Mr. Schofield presented Mr. Turner to the assemblage. Mr. Turner spoke briefly and then Mr. Schofield spoke at some length on the objective for casualty and surety acquisition cost control in Chicago.

Norman Hoag, Chicago manager of Continental Casualty, read a prepared statement, declaring that Continental Casualty would take no action that would be inimical to its interests. The fact that such a prominent home company has declared its independence of the rules is somewhat discouraging to advocates of acquisition cost reform.

The Chicago managers are keeping their ears close to the ground, but apparently very little of a positive nature has been done towards getting into line with the rules. Each company seems to be determined to avoid being the leader.

According to

PHIL

By Phil Braniff
Insurers Indemnity &
Insurance Co., Tulsa



Talking is a great accomplishment. I guess everybody likes to talk. One of my troubles is that I talk myself into situations that I can't talk out of. But there are people who can. There are people who can turn loose a few stanzas of English and everything is lovely. If I could only call all my creditors to a cozy little fireside chat (they furnish the fireside) and say "My fren's" - - - and give 'em a song 'n dance 'n not only make 'em happy but get a little more credit. But credit is dangerous. Credit is like a goopie—one of those transparent fish that eats its young.

Anyhow, here it is a week before Christmas and the store windows are full of things that are hard to look away from. I'm looking for an office chair with one of those Swiss music boxes attached to it so when I sit down more than two minutes it'll start playing "the poor-farm-blues," then fire off a pistol and if I don't get to work in 10 minutes it'll collapse.

There's one group of people who are going to get a Christmas present they don't expect. Those are the people who hit a slippery place on the street and skid their cars into other cars—if they are properly insured—they'll find that Santa Claus has been in their desk all year, in the form of an insurance policy.

Well, it looks like a nice Christmas—I've seen a couple of mysterious looking packages around the house which my folks are trying to keep me from seeing—maybe it's a phoney—just a decoy to get me into the Christmas spirit—and it's working, doggonit!

PHIL

made calls in 24 states between Sept. 27 and Nov. 22, to see firms which might be induced to insure in the fund."

Proof of Insurance Filings Delayed

Smith Asks Truckers to Wait Until Branch Offices Are Opened

That Illinois insurance men will have ample opportunity to contact those affected by the new Illinois truckers' act was indicated by a bulletin issued by F. Lynden Smith, director, department of public works.

Mr. Smith urged that truckers wait until branch offices in the 13 highway police districts are established and manned by trained personnel before filing notices of compliance. Part-time offices will also be opened in county seats.

Public announcement will be made concerning the opening of each branch.

Provisions of Act

The Illinois truckers' act provides that on and after March 1, 1940, all operators of trucks, except those owned by municipalities, counties and the state, shall be required to carry \$5,000/\$10,000 public liability and \$5,000 property damage limits on each truck operated.

It requires further that trucks engaged in C. O. D. transportation carry a \$1,000 bond guaranteeing payment of money collected from the consignee for benefit of the shipper. Line haul, local and specialized carriers must carry at least \$1,000 cargo on each truck operated.

Wait Till Branches are Opened

Mr. Smith said: "The law provides that truckers may make applications on or before March 1, 1940, but no rights so far as state operation is concerned will be lost if the truckers wait until these branch offices are opened."

He said there would be no charge for assistance in complying with the law, and that no filing fee of any kind is required.

Every effort is being made to lighten the burden of compliance by eliminating all red tape. Applications for certificates and permits are confined to essential information, with the questionnaires worded in plain, understandable language.

Insurance Men Can Help

Insurance men can be of great value by contacting prospective assured, after studying the new act carefully. This will not only eliminate much time and explanation when the necessary information is filed, but it is expected that many insurance men will handle all such details for their clients as much as possible.

All notices of insurance, while conforming to a standard required by the department of public works and approved by the state insurance department will be printed by each company.

Forms which must be made out in quadruplicate for each type of insurance are required. Samples can be secured by writing to the division of motor vehicles, department of public works, Springfield, Ill.

When a risk is written the agent keeps one copy of the form, and three are sent to Springfield. The department of public works keeps two copies and sends another to the company in which the risk is placed.

It is understood the insurance department is at work on endorsements which can be attached to policies taken out in conformance with the act.

Testing Stations Being Established

Director Smith says that two classifications of official testing stations have been established. Since the Class A stations, which will be equipped to test vehicles of any size, may be limited in number, a B classification for lighter trucks has been set up.

This second type of station which will have equipment adequate for test-

Combs Expert Witness in Trial of J. B. Momsen

The government has been presenting about 50 witnesses against J. B. Momsen, who is president of the notorious Associated Adjusters of Milwaukee, in the trial of Momsen before the federal court in Milwaukee on 38 counts charging use of the mails to defraud. Associated Adjusters advertised that for a \$5 membership fee it would train persons to become adjusters and then would assign to them loss work that would produce an income of about \$200 a month. There was no work forthcoming and the 50 witnesses are reciting their experiences.

One of the expert witnesses was Hugh D. Combs, vice-president United States Fidelity & Guaranty in charge of the claim department. He testified that U. S. F. & G. was represented in claim matters exclusively by attorneys, and that these attorneys were not allowed to "touch a claim until after six months training." He said U. S. F. & G. employs about 350 adjusters and only rarely hires outside adjusters. The outside work is always assigned to practicing attorneys, he said. He was asked whether a man with average intelligence could become an insurance adjuster after reading the handbook supplied by Associated Adjusters. "You can't make an insurance adjuster overnight," Mr. Combs said.

Mr. Combs said that in April, 1936, he received an inquiry as to whether U. S. F. & G. had bonded Associated Adjusters. A bond never had been issued for the company, Mr. Combs stated. U. S. F. & G. had bonded Milton Burmeister, who was listed on the Associated Adjusters letterhead as "attorney." Mr. Combs and George Hoff, Milwaukee manager of U. S. F. & G., testified that they protested to Associated Adjusters the manner in which the Burmeister bond was listed on the letterhead. The bond was canceled, Mr. Hoff testified.

Six hand trucks full of records of Associated Adjusters were brought into the court room.

One of the witnesses who testified for the government was William Cressy, who was associated with Momsen, and was sentenced last January to serve five years in another mail fraud case.

Only Lawyer Can Appear on Legal Problems, Ohio Ruling

COLUMBUS, O.—Only a lawyer can practice before the Ohio industrial commission, which administers the workers' compensation act, when the claim he represents involves the consideration of a legal problem, Common Pleas Judge King held, overruling a demurrer filed by Kenneth Agee, R. C. Parks and Don Birtcher, three former employees of the industrial commission, who had been cited by a special committee of the Columbus Bar Association for unauthorized practice of law. Judge King said the supreme court had ruled that a layman could advise applicants in simple cases, but in an exceptional case, involving legal problems, the applicant must be represented by a lawyer. The high court did not define exceptional cases.

ing trucks up to and including one and one-half tons rated capacity, will be widely distributed and easily accessible to a majority of truck owners.

The act expressly requires that all but private, merchant, miscellaneous, and state, county and municipal truck carriers have certificates of safety.

Discuss All-Risk Liability at A. M. A. Conference

NEW YORK—The session on all-risk public liability coverage at the American Management Association's insurance division conference drew many insurance buyers who indicated a lively interest in its workings. W. W. Chalmers, attorney Liberty Mutual, who acted as technical adviser of the session, predicted that objections of companies to including automobile liability in an all-risk public liability policy will decrease in time but that in the meantime the policy could be written all-risk excluding automobile. He mentioned that committees of the National Bureau of Casualty & Surety Underwriters and of the American Mutual Alliance are working on all-risk automobile forms and all-risk public liability including automobile.

George Rogers, Robert Gair Company, New York City, chairman, though favoring the all-risk idea, warned against complacency on the part of insurance buyers, saying, "I don't believe any one can buy an all-risk policy and sit back and say, 'Isn't that swell. I'm protected.'"

Asks "Less Grandiose" Term

One member suggested that since the coverage will necessarily have exceptions some "less grandiose" designation than all-risk be used, reserving that term for the future, when possibly a more nearly all-risk coverage would be available.

Mr. Rogers pointed out that at the outset at least, all-risk will cost more than the sum of present lines, since it will include all present coverage plus unknown hazards but that experience may bring the rate lower in the future because of elimination of adverse selection and other factors. He said that products liability rates, for example, might be lower if included in an all-risk contract instead of being bought only by those especially needing it.

Sought for Unknown Risk

In his summary of the morning's session, Mr. Rogers observed that "most of you consider all-risk is something we need particularly for hazards we don't know about." He agreed that a more accurate term than all-risk should be found, since there are some hazards which are not insurable. He warned that otherwise calling the coverage all-risk might leave a bad taste in the mouths of buyers and insurance companies. The underwriters, he said, should be careful that they do not appear to give what they are not giving in the way of coverage but as far as the buyers are concerned, they need the coverage that can be given. He urged those interested to send suggestions to the American Management Association insurance division, which will get out a pamphlet on the subject.

Much of the discussion was on actual or hypothetical borderline cases where all-risk coverage would take care of hazards otherwise not covered. One point was, how far could all-risk coverage be made to include contractual liability, in addition to the usual legal liability. Mr. Rogers said his company buys a form which does not limit contractual liability as to type and said he believed any attempt to differentiate will take away the very essence of the all-risk contract.

Switching Carriers

There was some question as to whether it would be possible to switch carriers after a comprehensive policy was in force and still maintain continuity of coverage. J. L. Barter, secretary Hartford Accident, said that there would be no lapse of coverage if the new coverage had the same unlimited features as the old. Mr. Chalmers said that his company is covering liability which comes to light during the period cov-

ered by the policy, no matter when the accident on which the suit is based occurred. Mr. Barter commented on the lack of a suitable rate-making basis but said that one would probably be found during the course of the coverage's evolution.

There was much interest in just how the comprehensive coverage would be substituted for existing coverage without entailing short rate penalties for cancellation of the various existing policies, since these presumably would not be uniform in expiration dates. Mr. Chalmers said the all-risk coverage would be drafted so that it would be treated as excess coverage over the limits of existing policies and the all-risk premium adjusted accordingly.

Retrospective Can Be Had

One insurance manager, in answer to a question, said that retrospective rating can be obtained on all-risk public liability coverage. Another suggested self-insurance, with the all-risk coverage applying on an excess over a specified aggregate of losses. Mr. Chalmers said he thought it could be done. Mr. Barter pointed out that a practical difficulty from the insured's standpoint was that unless the insured company were so set up as to handle claims inexpensively it might find self-insuring costly. He recalled cases where his company spent \$10,000 or more fighting a case on which it did not pay out a dime in claims.

Mr. Rogers remarked that this comes back to the question of the wisdom of self-insuring any form of public liability.

SESSION ON FLEETS

A fleet policy written with provision for pro-rata return premium was held by W. J. Constable, secretary Lumbermen's Mutual Casualty, and technical adviser at the automobile fleet session, to be the form of contract that would best fit the needs of an assured engaged in a seasonal business.

While new cars are automatically covered under the insurance contract for 30 days, assured should promptly notify the carrier of the substitution of new machines so that in the event of loss there will be no doubt as to liability, which question, in the absence of such information, might arise. One large assured stated the practice of his organization was to advise the insurance company of the number of its cars each month; data easily had from the accounting department. Yet another assured said his office, which owns 120 trucks, filed its records with the insurance carrier annually. It was agreed that salesmen using their individual automobiles upon occasional business for their employers, should preferably secure indemnity thereon in the same company as that upon the risk of the

(CONTINUED ON PAGE 34)

Branshaw Opens Own Agency

DALLAS — Eugene Branshaw, recently associated with John P. Desmarais & Co., insurance managers of Houston and New Orleans, announces the opening of his own local agency, the Houston Insurance Service.

Powell, Kelley in Tex. Field Posts

DALLAS—J. W. Powell has been advanced from the home office underwriting department of American Indemnity to special agent at Dallas, succeeding M. C. Moore, resigned.

Richard Kelley, also formerly in the home office underwriting department, has been made special agent at Houston, succeeding Aubrey Calvin, who resigned to go into the local agency business in partnership with T. K. Dixon, Jr.

Kansas Examiner Involved in Probe

(CONTINUED FROM PAGE 10)

rolled as freely as water running down stream."

Another witness was H. W. Jordan, a Kansas department examiner in 1928 and 1929 who became a Federal Reserve Life official when the company was reorganized when Massey Wilson, St. Louis insurance promoter, withdrew as president of Federal Reserve. Other witnesses were J. B. De Buchanan, president of Providers Life, which Federal Reserve reinsured, and now manager of an apartment building in Miami, Fla.; Massey Wilson; and Miss Eva D. Nordell of the Occidental Life, which reinsured Federal Reserve in 1936.

Gesell explained that though Mr. Herndon had been subpoenaed, he was on active duty with the Army Reserve Corps, of which he is a member, and could not be present but would be the first witness when hearings resume Dec. 14.

California Agents Support Profit Motive Institute

(CONTINUED FROM PAGE 11)

been accomplished in working out a program of handling it, and the rate changes that may occur under its provisions in various cities. Complete information will be sent to agents as soon as possible.

Officers and representatives of local associations and insurance organizations were invited to attend open sessions of the board. The Southern California Fire Underwriters Association was represented by Marshall Rankin, president; E. W. Dunn and Harold McKnight.

Harold W. McGee, president Profit Motive Institute, Los Angeles, told insti-

tute plans and asked for its endorsement by the agents association. A full time manager will be secured. Its talks and literature will be published and branches will be opened to secure the support of large retail organizations and bodies in combating the cooperative movement. The agents must make an investment in the institute if they want to retain the individual business man's insurance, he said. Elmer White, national councillor, offered a resolution, which was adopted, setting forth that the institute's ideals were made a part of the permanent program of the agents association and permission was granted the institute to solicit memberships among association members and to present its program at the next series of regional meetings. Members were urged in the resolution to join the institute.

Regional Assignments Made

President Harold I. Callis announced regional assignments of officers and directors, with the associations under their jurisdiction as follows:

President Callis, Santa Barbara and Santa Maria; Vice-president H. Perk, Jr., and H. W. McGee, board members, Los Angeles, Hollywood, Beverly Hills, Glendale, Pasadena and Whittier; C. W. Carpenter, secretary-treasurer, Humboldt, Marin, Napa and Sonoma counties; F. L. Adams, Fresno, Merced and Yulare-Kings counties; R. E. Bach, San Diego and Imperial Valley; L. J. Brandt, Bakersfield and Taft; Elmer White, national councillor, and Neal Harris, Alameda, Berkeley, Burlingame-San Mateo, Contra Costa county, East Bay Exchange, Oakland, Richmond, Solano county, Southern Alameda county and Vallejo; H. H. Hendren, Sacramento, Nevada, Placer and Yolo counties; L. E. Johnson, Carmel, Monterey, Salinas, San Jose, Santa Cruz and Watsonville; J. J. Kitrick, Chico, Glenn, Lassen, Shasta, Tehama and Sutter-Yuba counties; Brooke Sawyer, Redlands, Riverside, San Bernardino, Citrus Belt and San Bernardino county; C. E. Tegner, Santa Monica, Burbank, Inglewood, South Bay

(Redondo Beach) and San Fernando Valley; Ray Underwood, Long Beach, Associated Agents Committee, Harbor District, Orange county and Southeast (Huntington Park); LeRoy Sims, Jr., Stockton and Modesto.

Roeber Reports on Year in National Council

NEW YORK—In his report presented at the annual meeting of the National Council on Compensation Insurance, General Manager W. F. Roeber reviewed in considerable detail the activities during the past year, and presented the customary membership and financial exhibits.

The subjects dealt with included the 1939 rate revision, legislation, national pure premiums, unit statistical plan, medical cost study plan, experience rating plan and supplementary rating plan, rate making, retrospective rating plan, occupational disease program, uninsured risk problem, test payroll audits, basis manual amendments, claim matters and bureau administration. The council has a present membership of 72 stock, 24 mutual, six state funds, four reciprocals and two Lloyds carriers.

Maryland's Cleveland Changes

Changes in the personnel of the Cleveland office of the Maryland Casualty announced by Resident Manager A. W. Lorenz include the advancement of A. J. Lilly, Jr., from special agent to agency supervisor. J. E. Cadwallader, for four years assistant underwriter in the bond division, goes into the field to succeed Mr. Lilly. W. H. Lilly, formerly in the Philadelphia office, replaces Mr. Cadwallader as assistant bond underwriter.

Los Angeles Field Men Meet

LOS ANGELES—The Casualty & Surety Field Men's Association devoted practically all its dinner meeting to a discussion of problems met in the field.

It was stated that inquiries are coming from agents all over the territory relative to the inspections of agencies being made by the investigators of the insurance department.

Continental Companies' Party

Employes, their guests and the management of the Continental Assurance and Continental Casualty will meet at the Stevens Hotel in Chicago Friday evening to participate in the third annual Christmas party, sponsored by the Continental Club, of which N. Lee Beck is president and A. G. Steenson is chairman of the program committee, founded in 1937. It was an outgrowth of a monthly meeting of department heads to promote interdepartmental cooperation among the personnel.

Plan Board of Trade Division

NEW YORK—With a view to forming an insurance division of the New York Board of Trade, all insurance members of the organization will meet Monday. The purpose of the move is "to promote the insurance business in the United States, and in the city and state of New York."

Strom with Preferred Accident

A. B. Strom, Elgin, Ill., has been appointed special agent for Preferred Accident to work out of the Chicago branch office under the direction of W. H. Clanahan, manager. Mr. Strom was formerly with Employers Mutual Liability of Wausau, Wis.

George N. Andrews of Nashua, N. H., has been presented the 30-year honor certificate of the United States Fidelity & Guaranty.

H. L. Schwahn, 63, partner in the Schwahn-Khuen Agency, Saginaw, Mich., for 22 years, died there from a heart ailment.

GENERAL REINSURANCE CORPORATION

90 JOHN STREET, NEW YORK • 200 BUSH STREET, SAN FRANCISCO

Items from Financial Statement of September 30, 1939:

CAPITAL	\$1,000,000.00
SURPLUS	6,000,000.00
LOSS RESERVE	6,808,875.49
PREMIUM RESERVE	2,374,051.11
VOLUNTARY RESERVE	662,073.03
ALL OTHER LIABILITIES	800,904.63
 TOTAL ADMITTED ASSETS . . .	\$17,645,904.26

Securities carried at \$1,008,764.38 are deposited in accordance with law.

Casualty, Fidelity and Surety Reinsurance

Just Off the Press!

"FIDELITY AND SURETY BONDING"

By GEORGE R. WENTZ, Secretary
St. Paul-Mercury Indemnity Co.

Practical

400 pages Only \$2.00 Postpaid

Comprehensive

Here is a new, up-to-date and thoroughly practical survey of the principles of fidelity and surety underwriting, *prepared and priced* especially to suit the daily needs of insurance men everywhere. The public is by no means fully alive to the value and service of corporate suretyship even though the business has been and is growing very rapidly. Unquestionably this field offers tremendous opportunities to those agents who will devote toward it, more than the usual casual interest in it.

A Profitable and Most Important Field

While Fidelity and Surety Bonding ranks with the several major branches of insurance, it must be recognized by every agent that no matter how great may be the reputation of his companies, no matter what special assistance they may render him, success in this field demands a large amount of special knowledge. Resourcefulness and enthusiasm must be supplemented with a knowledge of the fundamental principles, through which is developed the ability to visualize opportunities for corporate suretyship and to capitalize on them by intelligent work.

All the Principles—from the Selling Point of View

Many agents have hesitated to go into the bonding business because they did not have just such a source of the necessary fundamentals as is contained in Mr. Wentz' new book which gives not only the principles but explains them from the selling standpoint in a practical and easily understood manner.

Thoroughly Indexed—You Can Find Your Point Quickly

As will be seen by the list of subjects under the following headings (fidelity bonds, blanket bonds, contract bonds, fiduciary bonds, court bonds, public official bonds, depository bonds, license and permit bonds, customs bonds and miscellaneous bonds), this book covers a great field that is open to any live insurance man not only in the larger cities but also those in smaller ones.

Equip Yourself for Bond Underwriting

With the aid of "Fidelity and Surety Bonding" you can go into the fidelity and surety business with the assurance that you can handle virtually all problems put up to you because of its thorough treatment of each type of bond. One of the most important features of the book is its *thorough indexing system* under which every paragraph is given a number corresponding with the complete index by subjects. Every point is indexed.

Get It on Approval Today!

No advertisement can fully describe "Fidelity and Surety Bonding" by George R. Wentz. He is of course widely known as an outstanding authority on bonds and one who writes in an understandable manner that gets his points across. Let us send you this important new educational book for ten days free inspection so you can see its real value to every ambitious agent in big city or small town. If you don't wish to keep it, you may return it for any reason, but don't fail to see this book at least—now, while it is brand new.

Mail This Coupon for Yours NOW! The book will sell itself to you.

Send me for ten days free inspection

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Single copy	\$2.00	Name	Title
5 copies	1.90	Company (or Agency)
10 copies	1.80	Address
25 copies	1.75	City	State
Larger Quantity Prices on Request			

TO THE NATIONAL UNDERWRITER, BOOK DEPT. 420 EAST FOURTH STREET, CINCINNATI

CHANGES IN CASUALTY FIELD

Chicago Again Headquarters for Spencer Welton

Spencer Welton, vice-president of Massachusetts Bonding, is again making his headquarters in Chicago. For the past two years Mr. Welton has been stationed at the head office, although a great deal of the time he has been making trips throughout the country. When he first went with Massachusetts Bonding his headquarters were in Chicago in the Chicago branch of his company. Mr. Welton will continue to make field trips about the country but most of the time he intends to assist Manager Arthur McCarthy in the greater development of business throughout Illinois.

Buchanan Columbus Manager

J. R. Buchanan has been appointed manager of the Columbus office of Home Indemnity. He has had 10 years experience in the casualty line. He joined Travelers in 1929, later becoming a field assistant. In 1937 he transferred to Standard Accident as assistant manager of its Cleveland service office.

Osborn Heads New Aetna Casualty Pittsburgh Branch

William H. Osborn, branch manager of the Aetna Casualty & Surety at Richmond, Va., for the past three years, is being transferred to Pittsburgh to become manager of a newly opened branch there.

Heretofore the business in the Pittsburgh area has been handled by J. W. Henry as general agent. As a result of Mr. Henry's death recently, the office is now being changed over to the branch office basis.

Mr. Osborn will be succeeded at Richmond by Edgar N. Taylor, who is being transferred from Louisville. Agents in the Virginia and North Carolina territory, which he supervised, joined in giving him a testimonial dinner in Richmond.

Val E. Schott, long associated with Mr. Henry, has been appointed assistant manager in Pittsburgh. Mr. Henry's personal business has been merged with the business of J. W. Henry, Jr., who will continue to represent the Aetna Casualty and affiliated companies as an agent in Pittsburgh.

W. Gordon Kellner, special agent at the Louisville office, will succeed Mr. Taylor as manager there.

Swan Moves to Indianapolis

Russell Swan, special agent of Hartford Accident operating out of Peoria, Ill., has resigned as of Dec. 15 to go with Indemnity of North America. He will be special agent in charge of the Indianapolis service office.

Buckeye Union Appointments

L. J. Pierce has been appointed state agent and George Wick special agent of the Buckeye Union companies in Indiana. Mr. Pierce will be located in West Lafayette and Mr. Wick in Indianapolis.

Employers Group Promotions

H. L. Jones has been promoted to assistant superintendent of the engineering department of the Employers group and A. L. Bjorklund to supervisor of the New England engineering department at the home office.

Mr. Jones joined the New England department in 1916. After the war he continued in service of the government to handle a special assignment and returned to the Employers group in 1923. In 1926 he was made supervisor at Cincinnati.

Cincinnati, returning to the New England department in 1928. Mr. Bjorklund went with the department in 1923 as an inspector.

R. A. Lamond, formerly of the home office engineering department, has been promoted to succeed Mr. Bjorklund.

PERSONALS

E. A. Hulburd, who retired just recently as manager of the Chicago claim department of Maryland Casualty, has now taken up his permanent residence in Los Angeles.

A. J. Coney, chief underwriter of the automobile department of the Aetna Casualty, addressed the insurance class of San Francisco Junior College on methods employed in preparing rates, explaining the various methods employed, such as experience rating and prospective rating.

Donald Bowers, cashier in the Des Moines branch of the Travelers, was married to Miss Inez Wilson, an employee in the statistical department of the Hawkeye Casualty.

The Baltimore Advertising Club has presented to E. A. Davis, president of the United States Fidelity & Guaranty, an award because of his contributions to civic advancement during the year.

Frank Grothe, who has joined the agency department of Globe Indemnity at the head office, is presently visiting some of the branch offices to familiarize himself with the organization. He was in Detroit for a few days and is now in Chicago. Until he went with Globe, Mr. Grothe was at the head office of Ohio Casualty. Previously he was with Continental Casualty at the head office.

H. W. Pripps, associate manager Fidelity & Deposit, Milwaukee, has been elected president of the Kiwanis Club of Wauwatosa, Milwaukee suburb.

Roy Spangler, 61, assistant secretary and a director of the Woodmen Accident for a number of years, died at his home in Lincoln after a long siege with heart trouble that forced his retirement from active work months ago. Mr. Spangler joined the company shortly after it was incorporated. His brother, C. E. Spangler, is chairman of the board.

Miss Elizabeth A. Ritson, who served as secretary to Ray Murphy while commissioner of Iowa and subsequently when Colonel Murphy became assistant general manager of the Association of Casualty & Surety Executives, will be married late next month to E. C. Wilson, publicity director of the University of Iowa.

Gale, Smith & Co., Nashville, staged a celebration of their 39th year as agents of United States Fidelity & Guaranty. Special guest was J. Dillard Hall, assistant agency director. E. Phelps Smith, who has charge of the bond and casualty division of his agency, was host to the party at a luncheon.

John J. Graham, vice-president of Hartford Steam Boiler, has been in Chicago this week conferring with Manager P. M. Murray.

J. H. Coburn, vice-president of Travelers Indemnity, has completed 35 years in the service of that company. He received a gift of books from fellow officials and a shower of telegrams and flowers from friends throughout the country. He graduated from Yale in 1904 and went with Travelers as a clerk that same year. In 1911 he was appointed assistant secretary of Travelers Indemnity, secretary in 1913 and vice-president in 1930.

Gilmore Ware, assistant manager United States Fidelity & Guaranty, who discussed "Miscellaneous Liability Lines" before the training course being conducted by the Insurance Brokers Exchange of San Francisco, continues the discussion Dec. 18.

AS DEEPLY ROOTED
and
AS STURDY
as an OAK

established 1897

Continental
CASUALTY COMPANY
CHICAGO, ILLINOIS

Affiliated with

CONTINENTAL ASSURANCE COMPANY

WORKMEN'S COMPENSATION

Industrial Health of Real Importance

Dr. C. O. Sappington, Chicago consultant, is author of a new book, "Industrial Health—Asset or Liability." It deals with evolution and organization of an industrial health service in the small groups, fundamentals of an ideal service, philosophy of health, health procedures needing greater application in industry, occupational and nonoccupational factors compared, administration of industrial health, industrial physician, industrial nurse, community relationships. There are special sections dealing with examination forms, industrial survey forms, etc.

Cost of Poor Health Tremendous

The public realizes that the cost of poor health in terms of losses, both in industry and to industrial workers, is tremendous. In industry the great cost is measured in terms of employee absenteeism, labor turnover, spoilage, inefficiency, fatigue, poor morale, accidents, occupational disease and disability, and unemployment compensation. To employees the great cost is measured in terms of indebtedness, unstable employment and income, temporary or permanent disability because of accidents, occupational disease or failures to meet exacting physical requirements for some particular job, mental and moral disturbances.

Dr. Sappington is the author also of other books dealing with occupational diseases. He was formerly director of industrial health National Safety Council, former special lecturer on industrial hygiene and occupational diseases University of California, Stanford Medical School, University of Michigan, University of Illinois Medical School and Rush Medical School. The cost of the book is \$3.75. Dr. Sappington is a recent winner of the W. S. Knudson award for the most outstanding contribution to industrial medicine, 1938-9. The book can be secured through THE NATIONAL UNDERWRITER.

Illinois O. D. Rates Are Being Reduced Jan. 1

The Illinois occupational disease rates have been revised effective Jan. 1. It is anticipated that the O.D. rates for Indiana will be revised as of the same date although final approval has not been given to the program for that state.

In Illinois, superficial examination indicates that the regular O.D. rates for about one-half of the classifications have been reduced 1 cent. In a few classifications there is a reduction of 2 cents. The greatest reduction is found in the so-called specific O.D. elements that are imposed upon extra hazardous classifications, unless the conditions are such as to justify removal of that charge. Most of these specific elements have been reduced at least 50 percent, for instance, the specific element for mining N.O.C. which is at present \$2.80 becomes \$1.32 as of Jan. 1.

POSITION WANTED

Adjuster, married, neat appearance, good personality, 4 years experience adjusting compensation, one year office manager, 10 years business experience, legal background. Best of references. Good salesman. Available January 1st. Pittsburgh district preferred. ADDRESS K-89, THE NATIONAL UNDERWRITER, 175 W. Jackson Blvd., Chicago.

LIABILITY & COMPENSATION UNDERWRITER WANTED

Middlewest headquarters of prominent company has opening for trained liability underwriter. All inquiries will be held strictly confidential. ADDRESS K-86, NATIONAL UNDERWRITER 175 W. Jackson Blvd., Chicago.

What Is "Adequate?" Caminetti Queries

SAN FRANCISCO—In preparation for the hearing scheduled for Dec. 19, on the request of the State Insurance Fund that compensation rates in California be reduced 26.8 percent, Commissioner Caminetti has requested an opinion from the attorney-general as to whether or not the term "adequate for all admitted workmen's compensation insurers" in the insurance code necessarily means adequate to cover losses and expenses of insurers doing business on the stock company plan or whether it is sufficient if he prescribes rates which are adequate for the operations of companies doing business on a participating plan.

In requesting the opinion, Commissioner Caminetti attached a copy of the letter of J. C. Stirrat, manager of the state fund, demanding the reduction in rates, saying that without commenting on the merit or demerit of the letter, it "does raise one question which must be cleared before it is possible for me to make any intelligent determination as to my action in respect to the various questions raised by the letter."

The commissioner also says that for many years minimum rates for workmen's compensation insurance have been prescribed on the basis of considering the loss items, or "pure premium," as 59.4 percent of the final premium and the expense and tax items,

"Unforeseen events . . . need not change and shape the course of man's affairs"



BURGLARY BREWIN'

This sly young fellow is sizing up his chances for a successful raid on somebody's camp larder. Just as even now a thief may be eyeing your top coat, your wife's furs, the Christmas gifts in your locked car or the wallet in your pocket.

The ordinary residence burglary policy protects you against loss only when valuables are stolen from your home. But, if your burglary insurance is written to include the new Maryland extended protection against theft "off the premises," you need not worry. With this provision in

your policy, you are assured greater peace of mind and are covered against many additional loss hazards.

Born thieves seldom reform . . . it is sound judgment to be prepared for them. If your insurance does not protect you against burglary, theft and hold-up both at home and away from home, ask the Maryland agent about this added coverage. He will gladly explain, too, the protection available to you in policies covering your store, factory or office. Maryland Casualty Company, Baltimore.

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.

THE MARYLAND

STEWART McDONALD, Chairman of the Board

EDW. J. BOND, JR., President

This advertisement appears in TIME • FORTUNE • NATION'S BUSINESS and BUSINESS WEEK during the month of December

or "loading," as 40.6 percent. He attaches a discussion by C. W. Hobbs of the means of arriving at these proportions, taken from his book, "The National Council on Compensation Insurance," and says:

"To this discussion we might add that a review of the figures presented in the annual reports of the stock companies doing workmen's compensation business on a non-participating plan would indicate that the figures as to expense loading given by Mr. Hobbs in the case of non-participating stock companies would not be changed substantially on the basis of 1938 experience of the stock companies doing business in this state, except that there would probably be somewhat of an excess in actual expense over the 40.6 percent at the present time allowed in our minimum rate."

Compensation Board Heads Seek Uniformity in Laws

SALT LAKE CITY—A permanent conference of state officials supervising the administration of workmen's compensation laws was organized here following a two-day meeting of the representatives of seven states. O. F. McShane of the Utah industrial commission was elected president.

Concrete examples of glaring discrepancies in workmen's compensation laws in various states were cited by different speakers and held to show the pressing need for uniform legislation. Harold C. Thompson of Denver said: "With Oklahoma paying no death benefit and Colorado paying a death benefit for accidents, death claims of employers in interstate trucking pile up in Colorado." It was also stated that the rapid growth of interstate business increased the problems rather than diminishing them. The conference adjourned after naming a legislative committee, which will be subject to the call of the president.

"We realize," said President McShane following adjournment, "that our problem is legislative and cannot be worked out by administrative order. For that reason it was decided to form a permanent organization and attempt to obtain uniform legislation in state legislatures which will eradicate some of the variations in rates and benefits from workmen's compensation insurance."

The states represented were Utah, Nevada, California, Colorado, Idaho, North Dakota and Wyoming. H. F. Richardson, secretary-treasurer National Council on Compensation Insurance, also attended. The legislative committee comprises, in addition to McShane and Mr. Thompson, A. M. Kuhfeld, Bismarck, N. D., and F. A. Trottier, Salt Lake City.

Utah Rate Reduction 7 Percent

SALT LAKE CITY—According to O. F. McShane of the Utah industrial commission, rate reductions on compensation insurance, effective Jan. 1, will approximate \$150,000 a year, an average of around 7 percent. There are 340 classes of employers in Utah covered by compensation insurance, and on 328

Young Calls Claim Man Ambassador of Good Will

Speaking before the Boston Life & Accident Claim Association on "The Claim Man—a Good Will Ambassador," Clyde W. Young, president Monarch Life, emphasized the part that claim service plays in building up better public relations.

When an agent is selling insurance, Mr. Young said, he is selling the claim service of his company. If there is any single asset that ranks with financial solvency itself, he added, it is good will. This has been defined by the Supreme Court of the United States as the "disposition of the pleased customer to return to the place where he has been well treated." No business is any stronger than the public opinion of it.

Home Office Men Also Salesmen

The building of good will is not solely the task of the man in the field. Home office employees also are salesmen for the business, just as much as if they carried rate books. Letters which they write are contacts which often leave more lasting impressions than the strictly personal ones. No matter what the letter is about, Mr. Young declared, it can be written with a sales twist. It can contain some boost for the company—for its service.

"You can paint pictures with words as well as with paints," he said. "Avoid generalities in your letters. Paint sharp, vivid and concrete pictures—use facts instead of general statements."

Care Little About Fine Points

"Here is an example of simplicity to the nth degree. Our company sent a letter to a man in Buffalo, asking him to reinstate a lapsed policy. The man answered the letter with one word—"No." Entering the spirit of the occasion, one of our clerks wrote back, using two words—"Why not?" Not to be outdone, the man in Buffalo came right back with

there will be reductions. Seven classes will receive a slight increase and in five there is no change.

Should any employer feel disposed to contest any of the changes, he must make application in writing, and then present facts to the commission to justify further consideration.

Bay State Cut Is \$1,000,000

Compensation rate reductions in Massachusetts to become effective Dec. 31, it is estimated, will amount to about \$1,000,000. This is the fourth general reduction in the state since 1936, and the cumulative effect is a rate level of about 25 percent below that prevailing on May 1, 1936.

a second letter in one word—"Roosevelt!"

"After all, it is the opinion of the public that measures the security of the business of insurance. The general public cares little about the fine points of underwriting, and experience has proved that only a small percentage of those insured have ever read their policies, and, in fact, have much of an idea as to the actual coverage granted by the policy.

"Every policyholder has his own worries and problems; his own ambitions and limitations. Those things are enough for any man to master. He simply does not have the time to become an educated insurance man, but he does take time to harbor an opinion. It, therefore, is urgent that the public get an idea—a favorable idea—about what insurance is and does and the reliance it can place on those in business.

"As a matter of fact, you do not 'adjust' claims. You simply 'adjust' the point of view of the claimant. When all the facts are known, the claim is usually a definite, determinate amount, scarcely subject to alteration; but the claimant's opinion of what that amount should be may have to undergo some modification.

Old Way and the New

"The old way of claim adjusting was to regard every claim with suspicion, and consider every claimant guilty until proved innocent. I am firmly convinced that cases can be investigated just as completely in the new way without sowing the seeds of distrust, and that people can be told the good news or the bad news in such a manner that they still like us.

"One bad settlement, noised to the claimant's friends; one bad lawsuit showing the company's position to be unjustified, reflects on the business as a whole and tends to magnify the number of claims compromised and litigated, when as a matter of fact we all know the proportion is insignificant.

"Every time you settle a claim yours is the happy chance to get the insurance business of another friend by making the settlement in such a way that it becomes an effective and telling message about our business as it is presently constituted."

Think Individually, Act Collectively, Carroll Urges

Speaking at the luncheon of the Cincinnati Accident & Health Association, S. C. Carroll, vice-president Mutual Benefit Health & Accident, said "a man's usefulness in this business is measured by his ability to think individually and to act collectively for his own good, the good of the company he represents and the good of his country." He emphasized that people must think individually and have the liberty to act in a group.

He said he took up the sale of acci-

Takes New Post



E. A. HAUSCHILD

E. A. Hauschild, who on Jan. 1 will become head of the newly established accident and health department of the Security Mutual Life of Binghamton, N. Y., is recognized as an authority in the field of accident and health underwriting. He headed the underwriting department of the Continental Casualty at its home office for 12 years, until he was transferred to New York several years ago to take charge of all underwriting work on the eastern seaboard. He is the author of the "Accident & Health Underwriters Guide," which is widely used in home offices and general agencies in connection with selection of accident and health risks.

dent and health insurance, after having been sold such a policy, because he recognized in it a business where he had the liberty to exercise his initiative, plus the fact that when he was a salesman selling books insurance men always seemed to have the money to buy. Mr. Carroll said after he made the acquaintance of his competitors in the business, he made progress in the accident and health insurance field.

When visiting the proving ground of the General Motors Corporation at Detroit, he saw all makes of cars being tested and was told by the men in charge that the purpose of these tests was not to find out the weak parts of competitors' cars, but to find out the strong parts, the ones that stood up the longest and gave the best service, so General Motors could incorporate as good parts in their cars.

"The purpose of this business," said Mr. Carroll, "is to get into a policy everything that is good and is worth the money we have to charge for it."

President C. L. Gurney of the Cincinnati association, who is manager Mutual Benefit there, presided and several of its out-of-town managers were guests, including H. F. Swisher, Columbus; E. C. Davis, Dayton, O., and John McGurk, Indianapolis. Mr. McGurk extended greetings from the Indianapolis association, which was started only six or seven months ago and now has 43 members.

E. H. O'Connor, former president National Accident & Health Association, will speak at the breakfast of the Cincinnati association April 22, opening Accident & Health Insurance Week.

Gus Carlson Succeeds Hauschild in New York

Gus Carlson has been transferred by Continental Casualty from Chicago to New York to assume supervision of the accident and health underwriting in the eastern department. He succeeds E. A. Hauschild, who has just joined Security Mutual Life of Binghamton, N. Y., to



Glimpses from convention of insurance commissioners at Edgewater Park, Miss.: Claude Fairchild, general manager Association of Casualty & Surety Executives; E. M. Griggs, Chicago, associate general counsel National Board; Mrs. Frank Agnew, and Frank Agnew, assistant secretary Fireman's Fund.

take charge of the new accident and health department of that company. Mr. Carlson has been connected with Continental Casualty in Chicago about five years. He was located at the head office for a time and lately has served as underwriter in the Chicago city branch.

Fake Accident Claim Ring Hit

DALLAS—A probe by the federal government into an alleged fake accident racket in Dallas County, Texas, has resulted in the arrest of four persons, including two doctors, and charges against 11 others who will be arraigned at once, all charged with using the mails to defraud six companies on false insurance claims. Dr. J. N. Pyle and George Lyles are in jail while Dr. M. A. Boone and Mrs. Esta McCombs have been released on their own recognizance.

Those allegedly defrauded include the Postal Mutual Indemnity, Inter-Ocean Casualty, Mutual Benefit Health & Accident, Washington National and Postal Life. It is alleged that some \$750,000 has been extracted from the companies over a period of several years.

The assistant district attorney said the same formula was repeated on several consecutive accidents and subsequent claims. Two persons, both insured, would stage a collision, call a doctor (in many cases the same doctor for each) get a plaster-of-paris cast for each and put in cross-liability claims, admitting negligence. In another case a woman who had recently taken out insurance threw herself in front of a street car where she was struck and then was rushed away by a confederate, only to file a successful claim later.

Chicago Party Distinctive

About 40 couples enjoyed an evening of dancing and sociability at the Christmas party of the Chicago Accident & Health Association. The party was held in the attractive bungalow on the Morrison Hotel roof. Due to the insistence of C. N. Dubach, Hartford Accident, chairman of the committee, the members and guests donned their evening clothes which added to the spirit of the occasion. Mr. Dubach was highly praised for his most successful work as an entrepreneur. Several company managers accompanied their accident and health supervisors, including George H. Moloney, Hartford Accident, and John P. Kevers, Maryland Casualty.

New Officers in Seattle

Special attention will be given to education and publicity in 1940 by the Seattle Accident & Health Managers Association, Ormand Keller, Commercial Casualty, newly-elected president, says. Other new officers are: Vice president, Frank Vernon, Maryland Casualty; secretary-treasurer, Harry Wares, Washington National; trustees, H. R. Henderson, Massachusetts Protective Association, and H. O. Fishback, Jr., Northern Life, retiring president. Committee chairmen are: Finance, Paul Green, Aetna Life; membership, Glen Polson, West Coast Life; program, Mr. Fishback.

Carroll Speaks in Columbus

S. C. Carroll, vice-president Mutual Benefit Health & Accident, addressed the Columbus (O.) Accident & Health Association Monday on "Would You Rather Work for the Government?"

Leibig Is Newark Speaker

At the second meeting of the newly formed Accident & Health Club of Newark, J. F. Leibig, Continental Casualty, past president Philadelphia Accident & Health Club, spoke on "Governmental Encroachment on Our Business." He warned against the growing trend of compulsory health insurance and other socialistic measures in the various states and particularly by the federal government. He described the provisions of the so-called Wagner bill. He urged the members to devise ways and

means to combat this growing tendency, not only because it would affect the interests of every accident and health man in the country but particularly because such ideas are un-American.

Great success has been attained in signing up new members and a goal has been set of 100 members by the next meeting in January.

Los Angeles Claim Men Organize

LOS ANGELES—Life and accident claim men here have organized the Los Angeles Life & Accident Claim Association with L. E. Doyle, Massachusetts

Bonding, as the first president. Mr. Doyle was president of the Boston Life & Accident Claim Association before coming to California. Other officers are Stewart Condie, Massachusetts Protective, and Larry Burford, Pacific Mutual Life.

W. E. Lord's 25th Anniversary

CINCINNATI—W. E. Lord of the W. E. Lord agency, Cincinnati, one of the best known accident and health men in the country, will observe the 25th anniversary of the founding of his agency Dec. 14. Mr. Lord's general writing

agency is unique in that it is fundamentally an accident and health agency, the other lines being developed from its accident and health business, of which it writes well over \$500,000 premiums a year in Hamilton county.

Mr. Lord is a native of Williamsport, Pa. He entered the business at Pittsburgh in 1908 with the old National Surety, later going into the field as special agent with that company and Globe Indemnity. In 1913 he came to Cincinnati as manager of the casualty department of Neare, Gibbs & Co. Fourteen months later he established his own agency, representing Continental Casu-

Here's a Question that landed a \$3,679.79 premium

"Mr. Hotel President, would you like to save \$587.61?"

Naturally, Mr. President said "Yes." And then the broker showed the hotel insurance picture from the EXCESS angle.

For full cover with one company:

Public Liability Cost	\$2,517.65
Elevator Public Liability	1,749.75
Total Cost	\$4,267.40

Costs figuring the EXCESS way:

Public Liability Cost	\$2,168.79
Elevator Public Liability	1,511.00
Total Cost	\$3,679.79

Total saving from the EXCESS angle, \$587.61

Did the broker get the business? The answer to that is easy. He not only got it, he will hold it, and his client has sound American protection in a recognized company.

It Pays to Study the Excess Angle. Ask the brokers who do. This actual case was taken from the files of the Excess Insurance Company of America.

THE EXCESS INSURANCE COMPANY OF AMERICA

99 John Street, New York City

Robert N. Rose, President

IT PAYS TO UNDERSTAND EXCESS INSURANCE

PROVIDENT— —A Company Grown over a Half-Century Old—

-but still growing up!

1939

Proved the best year in
all Provident history

PROVIDENT Life and Accident Insurance Company

Chattanooga—Since 1887—Tennessee



PROBLEMS OF THE "OLD DAYS" were SIMPLE
compared with PROBLEMS OF TODAY

More and More Tavern Keepers and Owners of Buildings in which intoxicating beverages are served ARE BEING SUED FOR LARGE SUMS FOR "LOSS OF MEANS OF SUPPORT" suffered by Dependents, due to stoppage of Income of the Head of the Family, as a result of intoxication.

JUDGMENTS ARE NUMEROUS
AND ARE FOR LARGE AMOUNTS.
EVERY OWNER OR TRUSTEE OF A BUILDING IN WHICH
INTOXICATING BEVERAGES ARE SERVED
MAY LOSE HIS BUILDING
TO SATISFY A JUDGMENT.

FOR FULL PARTICULARS

A. F. SHAW & CO.
INSURANCE EXCHANGE, CHICAGO
Phone Wabash 1068

alty as general agent, which connection he has maintained continuously since that time. H. A. Behrens, chairman, and M. P. Cornelius, president Continental Casualty, are in Cincinnati to assist in the honors. The agency is holding open house the entire day.

The agency has the distinction of showing a substantial increase in premium volume every year it has been in business.

Donovan Philadelphia Secretary

The Accident & Health Club of Philadelphia has elected as secretary Harold T. Donovan, Employers Liability, succeeding J. C. Staton, who has removed to Los Angeles.

Gump Opens Division Office

DETROIT — The Michigan Hospital Benefit Association, of which Andrew Gump is president, has opened a division office in Flint with E. M. Welke as manager. He was formerly with the Metropolitan Life and United Life & Accident in that city. Offices previously have been opened in Pontiac, Jackson, Saginaw, Lansing and Benton Harbor.

Not to Push Arkansas Work

Connecticut General Life, which has just entered Arkansas, has no intention immediately of appointing a manager in the state and organizing a field force.

The Milwaukee Accident & Health Association is contemplating establishing a study group among its members.

J. C. Behan, vice-president Massachusetts Mutual Life, will address the Boston Life & Accident Claim Association Jan. 12.

SURETY

Want Uniform Formula for Premium Allocation

At the meeting of the committee on examinations of the National Association of Insurance Commissioners at its mid-year meeting, Ray Murphy, assistant general manager Association of Casualty & Surety Executives, said that considerable discussion had arisen over the allocation of premiums on bankers and brokers blanket bonds for tax purposes. In company examinations questions have arisen about the allocation of premiums to the several states where there is an overlapping. The New York department, he said, sometime ago sent out a method which is followed and which has been in vogue in some quarters. He said that a bond written in one state may cover personnel in other states. He said that the companies desire some uniform plan to avoid complications and that will be satisfactory to the various states. It was decided to appoint a subcommittee to work out a suggested method consisting of Fischer of Iowa, Bowles of Virginia and Gough of New Jersey.

Study Public Official Bonds

NEW YORK—Volunteer municipal associations through their National organization have been studying the matter of rates for public official bonds, discovering that these vary considerably as between various states. Apparently they have not taken into account differences in the laws of many commonwealths and the loss experience of the carriers as to the different localities. Records reveal a considerable number of sensational losses caused by corrupt public officials and the lax methods employed in checking their accounts. These are hazards surety companies writing fidelity bonds must assume and which, by the same token, must be incorporated in rates for the coverage.

The Mutual Surety of Iowa, Des Moines, is issuing autoists' bail bonds.

ASSOCIATIONS

N. Y. Casualty Party Dec. 20

NEW YORK—The Casualty & Surety Club of New York will hold its annual Christmas party at the Waldorf-Astoria Dec. 20.

San Antonio Claim Men Elect

SAN ANTONIO, TEX.—The San Antonio Claim Men's Association has elected these officers: E. J. Mannie, Lloyd Caldwell Claims Corporation, president; T. G. Andrews, Fidelity & Casualty, and J. H. Little, Travelers, vice-presidents, and C. W. Avery, Chapman Claims Company, secretary-treasurer.

Burglary Group Reelects Officers

All officers of the Chicago Burglary & Plate Glass Association were reelected at the annual meeting. They are: W. A. Coan, American Indemnity, president; R. L. McNamara, National Surety, first vice-president; George Borkovec, Sun Indemnity, second vice-president; Walter Klein, Standard Accident, secretary; and H. L. Bredberg, National Service, treasurer.

Members of the executive committee are Paul Girard, Hartford Accident; L. W. Burger, Bankers Indemnity; J. MacGregor, Continental Casualty; M. Patt, U. S. F. & G., and G. M. Rieck, Actua Casualty.

N. J. Association Elects

NEWARK — At the annual meeting of the Casualty Underwriters Association of New Jersey, these officers were elected: President, J. F. Comerford, Maryland Casualty; vice-president, J. C. Eastmead, Hartford Accident; secretary, Sherwood Young, Massachusetts Bonding; treasurer, Victor Cranston, Fidelity & Casualty; executive committee, H. N. Hutchinson, American Surety and New York Casualty; H. D. Meyer, Globe Indemnity, and M. M. Dickinson, Indemnity of North America.

Compensation Changes Reviewed

PITTSBURGH — J. R. Wilson, Travelers, vice-president of the Casualty Association of Pittsburgh, led a discussion on recent changes in the workmen's compensation act and occupational diseases at its monthly meeting. The discussion covered rates and underwriting in connection with these changes.

Discuss Mutual Competition

DES MOINES — An interesting discussion on "Mutual Competition," led by R. W. Forshay of Anita, Ia., highlighted the meeting of the Des Moines Casualty & Surety Club Monday. A round-table discussion followed, with most of the members taking part.

The organization elected J. H. Marshall, Massachusetts Bonding, a member of the executive committee, replacing Keith Merrill. The club will hold its Christmas party Dec. 16.

Automobile Insurance Cost Has Been Reduced

The Travelers calls attention to the fact that the cost of automobile liability and property damage insurance in many parts of the country is less than the average annual gasoline tax. While the average tax has been increasing the cost of automobile insurance has substantially decreased. The Travelers, in commenting on this situation, says:

"The average motorist is getting much more protection for his automobile insurance premium dollar than he did a few years ago. Not only is he paying fewer dollars for his insurance, but also he is driving more miles, as evidenced by the constantly increasing average annual gasoline consumption per motor vehicle and thus getting more protection from his insurance."

War Risk Clauses Receive Attention

(CONTINUED FROM PAGE 19)

chairman of the accident and health committee has held a meeting and reports as follows: Recognizing that the ordinary accident policy does not contemplate the coverage of war hazards the committee looks with favor upon proper war risk exclusion clauses in accident policies. The form of such clauses, however, is a matter for determination by the several states on the basis of their respective statutes."

Chairman McCormack's Report

McCormack of Tennessee as chairman of the accident and health committee, reported to the body:

"Your standing committee on accident and health insurance has made a careful study of the past proceedings of the National Association of Insurance Commissioners and the results obtained by the recommendations of past meetings in the various states. The National association has previously placed itself on record as approving and recommending certain standard forms for accident and health insurance. At the Dec. 8, 1936, meeting the report of the committee on standard provisions for group accident and health insurance was made to the convention and reported on page 101 of the proceedings of the 68th session, 1937. The report of the committee at that time did not receive any definite action on the part of the convention but was accepted and made a part of the record."

Definition of a Group

"At the June 22, 1937, meeting the definition of a group was discussed but no definite action was taken. On June 17, 1938, a report of the group accident and health committee showed the committee to be in agreement as to the standard provisions, and a copy of such standard provisions accompanied their report at that time, and made certain recommendations pertaining to the definition of a group. The report of the committee was adopted. Attention is hereby called to the fact that, in writing up the proceedings of this matter, the copy referred to as to the agreement covering standard provisions was not written into the printed copy of the proceedings, and, for the purpose of the record, a copy of such standard provisions is made part of this report with the request that it be printed into the report of the proceedings of this meeting.

States Should Take Action

"It is the recommendation of the committee that the various states which have not adopted a standard code governing the writing of group accident and health insurance, based upon the model law of the previous committees on accident and health insurance, should at an early opportunity introduce such laws at the sessions of their various legislatures.

"Since the adoption of the report of the committee, Michigan, Minnesota, Pennsylvania, West Virginia and Wisconsin have passed laws in conformity, in its main purpose, with the conclusions of the previous findings of the National Association of Insurance Commissioners. There are several other states that have group insurance laws in reasonable conformity with the recommendations. There remain many states lacking proper statutes to enforce proper supervision of group accident and health insurance.

"The increasing sale of group accident and health insurance, including hospitalization, requires strong supervision by the individual states of domicile, regardless of the type of company underwriting such insurance or whether benefits are paid in services or in cash. And it is the recommendation of your committee that companies of all types,

whether stock, mutual, non-profit or cooperative, should be under the full supervision of the various state insurance departments. Increased enforcement of state law, as recommended by past committees on unauthorized insurance, will help to clear up a situation detrimental to the interest of the individual citizen who is being besieged by companies and societies of doubtful financial structure, operating without authority in the various states and lacking supervision in their home states.

"It is the further recommendation of the committee that, in those states lacking the model law on accident and health insurance, the commissioners having such authority should be more careful in approving accident and health forms so that the interest of the individual citizen might be better protected by eliminating contracts of ambiguous wording and doubtful protection."

Fortieth Club N. Y. Party

NEW YORK—Nearly 200 members and guests of the Fortieth Club of Maryland Casualty will attend the annual Christmas party at the Wool Club here the afternoon of Dec. 16. A buffet luncheon will be served and there will be dancing. Stephen Bedell is chairman of the committee.

Committee to Study Automobile Rates

(CONTINUED FROM PAGE 19)

surance experience. He said further:

"The purpose of both resolutions is to request the companies that write automobile insurance to create a non-partisan statistical bureau to gather automobile insurance experience similar to the work now performed by the National Council on Compensation Insurance in collecting workmen's compensation insurance experience.

"Resolution No. 1 simply enlarges the scope of activities of the National Council to include the gathering of statistics for automobile insurance in the same manner as workmen's compensation insurance. Resolution No. 1 also requests the National Council to so amend Section 2 of Article 16 of its constitution to provide a manner for voting off ties on questions before the council by providing for a committee appointed by the National Association of Insurance Commissioners known as the 'National Council Committee,' which would act in a supervisory capacity for the National Council instead of its present representa-

tive, who is supposed to be selected by the National Association of Insurance Commissioners, and who is paid a salary by the National Council.

"Resolution No. 2 recommends that the convention appoint a special committee to consider the advisability of establishing, under the sponsorship of the convention, a national non-partisan rating organization for all lines of automobile insurance similar to the National Council on Compensation Insurance. Under Resolution No. 2 statistical data could be collected by the National Bureau by widening its scope of activities and taking into its membership all lines of insurance companies, or by the National Council under its present working arrangement, or could be done by any additional statistical bureau that the companies might care to organize.

"The purpose of Resolution No. 1 is to alleviate past criticism, as well as perhaps future criticism, on the part of the National Association of Insurance Commissioners, due to having a representative on the National Council who is paid a salary by the National Council and is supposed to represent the commissioners in all matters coming before the National Council on Compensation Insurance.

In 1923 and 1924 the present National Council was organized, and the National

The advertisement features a large, stylized letter 'D' in the center, surrounded by a circle of stars. The year '1890' is on the left and '1939' is on the right. Below the logo, the text reads:

A STOCK COMPANY
WHOSE SPECIALIZED EXPERIENCE IN
WRITING FIDELITY AND SURETY BONDS,
BURGLARY AND GLASS INSURANCE
GUARANTEES SWIFTER AND MORE
EFFICIENT SERVICE WHEN SUCH
COVERAGES ARE DESIRED, AS
WELL AS WHEN LOSSES OCCUR.

FIDELITY AND DEPOSIT COMPANY
OF MARYLAND
HOME OFFICE • BALTIMORE

Association of Insurance Commissioners selected a representative to represent the association on all matters coming before the National Council, the committee of the National Council being composed of three mutual company members, three stock company members and the seventh member being selected by the National Association of Insurance Commissioners. This arrangement has continued until today, and it is not the purpose of these two resolutions to condemn any past acts of the representative of the insurance commissioners, nor of the association back in 1923 when it agreed to this arrangement. The adoption of Resolution No. 1, and the change in the constitution of the National Council would alleviate any criticism that might be hurled at the National Association of Insurance Commissioners as having a representative on the National Council who is paid a salary by the insurance companies themselves.

Dominant Ruling Body

"It may be said in objection to such a statistical bureau that this function is adequately cared for by the National Bureau of Casualty and Surety Underwriters. It is not the purpose of these two resolutions to launch an attack upon the National Bureau. The bureau is adequately staffed with competent employees, but, like all companies supported organ-

izations, it would not be fulfilling its purpose if its policy of operation was not fashioned for the mutual advancement of its member companies.

"The National Bureau is the dominant rating organization for automobile coverages within the United States today. The rating activities of the American Mutual Alliance, and similar non-stock organizations, do not compare to any appreciable extent with the activities of the National Bureau. The National Bureau is the statistical organization of practically every state, and, with the possible exception of Texas and Massachusetts, the recommendations of the bureau are usually approved by the commissioner of each state. Many states do not even require the commissioner's approval of the bureau filing.

Membership of the Bureau

"Thus it will be noted that the National Bureau has achieved an enviable reputation, and its manual of rates is the basic manual in practically every state. In most non-regulated states, non-member companies of the bureau file deviations from the bureau manual of rules and rates rather than promulgating their own. As previously stated, the bureau would not be fulfilling its purpose if it was not bound by the policies of its member companies. The National Bureau at present has a mem-



Views from mid-winter session of National Association of Insurance Commissioners:

J. J. Wicker, Richmond, Va.; H. D. McNairn, Ontario insurance superintendent; E. W. Sawyer, attorney National Bureau of Casualty & Surety Underwriters.

bership of 36 companies that write less than 50 percent of the entire automobile business. Upon examination it will be found that three company members of the National Bureau write almost 50 percent of the total volume of business written by the entire 36 companies composing the membership of the National Bureau.

National Council Membership

"The National Council on Compensation Insurance had as of Dec. 1, 1938, a membership of 107 carriers as follows: 69 stock, 26 mutual, 6 state funds, 4 reciprocals and 2 Lloyds. Of this number 66 operate in Texas and write 82 percent of the Texas business. The remaining 18 percent is written by 16 companies, one of which is a reinsurance company writing only one risk, five are owned by the risks which they insure and two others are practically self-insurers, although they do write other than their own risk. Those writing their own risk write 8 percent of the total premium, leaving only 10 percent of the total premium written in Texas by companies which are not members of the National Council. I believe this distribution in Texas is fairly representative of other states.

Drastic Rate Readjustment

"It is evident that the bureau has not been entirely satisfied with its own past operations in the field of automobile insurance, by reason of the drastic revision in manual rules and rates during the past year that precipitated more or less of a rate war in many states. The bureau was very frank to admit that such action was taken to curb the advancement of the so-called independent companies in the field of automobile insurance and give to the bureau companies a competitive weapon for the solicitation of such business. For this reason, it is doubtful in my mind whether the bureau could enlarge its activities to accomplish the purpose advocated by these resolutions, and at the same time expect the whole-hearted cooperation of those companies that are now not members of the bureau.

Practice in Texas

"In Texas, as you understand, we collect our own statistical information and make our own automobile rates. This is our procedure also in workmen's compensation insurance. We have found the National Council on Workmen's Compensation Insurance to be of great service to us. The experience compiled by the National Council is about as reliable as is humanly possible because the compilation contains all Texas experience, together with the nationwide experience, on which we can rely for those classifications that develop insufficient exposure on Texas operations alone. This is not true with the automobile experience. Here, too, we get the experience of all companies doing business in Texas, but an adequate comparison of our rates

with those in other states is impossible because in most states the experience compiled by the National Bureau is based only on the exposure of 36 member companies, and, of course, has insufficient spread to be wholly conclusive. It is highly important that an adequate system be established for a comparative basis because the improvement in automobiles and development of highways are continually wiping out state lines and territorial differentials.

Establishment of Separate Bureau

"The establishment of a national statistical bureau for automobile premiums comparable to the National Council appears to have many distinct advantages:

"1. The insurance commissioners or supervisory authorities could induce many companies to become members of such a non-partisan organization, where this could not be done under present conditions.

"2. The increased membership would provide the commissioners with all the insurance experience for credible rate making purposes, whereas rates in most states are now promulgated on the basis of writings of member companies of the National Bureau which constitute less than 50 percent of the automobile experience.

"3. Such an organization would be more elastic in reflecting the views of the various commissioners, and of all companies, both stock and non-stock. Thus the commissioners would have a better understanding of rate making activities, and would be in a better position to question the reasonableness of the rates derived from the collected experience.

Uniformity Held Desirable

"4. Uniformity on statistical and rate making procedure is highly desirable in the interest of public welfare, and reduction in costs of the statistical operations of the various companies, which operating cost is ultimately passed on to the consumer in the form of increased rates.

"5. Uniformity of procedure and more definite action on the part of the insurance commissioners will forestall present tendencies toward Federal control, already making substantial headway through the medium of the insurance requirements of the Interstate Commerce Commission and federal investigation and trial of automobile finance companies."

Yetka Made Charges

At the committee meeting Commissioner Yetka of Minnesota made a spirited attack on the National Bureau of Casualty & Surety Underwriters, calling attention to the muddled condition in his state and charging that the bureau had "double crossed" him. He challenged its consistency in making rates, stating that it applied for an increase in different states and then made a radical reduction. He said that the bureau

Confidence ... IS THE WORD

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is a fine fellow, in his place—but WE couldn't use him, for our organization is made up of warm, human, understanding folks.

When you come into our offices, we are glad to see you and to shake your hand; when we write you, we like to be able to call you "friend,"—to deal with you as man to man.

So, though he may be a fine fellow, a cold, mechanical robot has no place on our staff of thinking individuals who work in harmony to meet your individual needs.



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was entirely inconsistent and had created hari-kari in his state.

Manager William Leslie of the National Bureau came back with a broadside against Commissioner Yetka, declaring that the National Bureau was entirely in the clear and that it simply resented being forced into an agreement with the outside companies in what it felt was a discriminatory route.

P. B. Reed Analyzes Insurable Values

(CONTINUED FROM PAGE 9)

erty as clothing or tools of employees or workmen, has a proper amount been set up to cover the value of such property?

"6. Under the heading of 'insurable liabilities,' has a proper amount been set up to cover the maximum loss that might be sustained on such properties as railroad sidings, leased machinery, or similar property belonging to others for which the insured may be liable in case of its destruction or damage?

"7. Is there any insurable property at a location where business has been discontinued?

"8. Have all locations been covered and reported on?"

Watch Changing Values

Mr. Reed said it is desirable for assured to keep close account of the changing values of stocks carried, so as to be sure a proper amount of indemnity is carried at all times. To the inquiry as to whether in the event of the destruction of a building and the complete loss of its records, it would be fair to base adjustment upon the value of stock in a chain store of like type and of kindred volume of business in the same city, or in one of comparable size, Mr. Reed pointed out that for the great chain store systems, insurance values are stated on each of the properties, defining locations under schedule, and hence in the event of loss a claim is easily disposed of.

While various graphs are sold for determining building costs, these are not considered other than suggested guides and are by no means to be regarded as absolute.

As to valuing office equipment an average depreciation of 25 percent through a five year period, is deemed reasonable.

Insurance upon patterns should be for their full value, Mr. Reed asserted, no depreciation thereon being figured, unless for broken parts, in which event they would be of little worth.

Total Loss Possibility

If a building is exposed to a total loss, Mr. Reed held, it would be advisable to carry full insurance, instead of 80 percent. A safe rule, he added, is to insure in excess of the 80 percent requirement and so provide for changing price trends.

Considerable discussion centered about the question of building depreciation. While the value of appraisals by independent appraisal companies or individuals was not overlooked, the insurance carrier in the event of loss is not obligated to depend upon such figures, other than to give them careful consideration. It would seek to arrive at values by such means as seemed to it proper. Incidentally, it was agreed the character of appraisals furnished today is materially better than those supplied several years ago.

To the question as to whether it was necessary to keep bills and other records in a safe in order to furnish proper loss figures, the requirement of the iron safe clause was pointed out, together with the assurance that the protection of such records would materially aid in claim adjustments.

Aaron Porter of Patterson, Wylde & Windeler spoke to the Conference Club of Boston on the social security act and discussed recent changes.

COMPANIES

New Group Controls United Employers

DALLAS—A group of Dallas financiers, headed by Randolph Caldwell, insurance attorney, has purchased the controlling interest in the United Employers Holding Company, owner of the United Employers Casualty. Associated with Mr. Caldwell in the deal are J. H. Neel, Winfield Morton and R. L. Thornton, Jr.

Mr. Caldwell has been named president of the holding concern and of United Employers. Mr. Neel is general counsel. Morton and Thornton are directors.

G. R. Christie, formerly president, has been named chairman of the board. J. E. Josey, former board chairman; E. M. McCormick, C. E. Post and Sidney Benbow retire from official connection with the company.

H. Economidy, former treasurer of the American Indemnity of Galveston, has been named vice-president, and L. B. Holdaday, executive vice-president.

The United Employers, until its reorganization about 18 months ago, was one of the big reciprocals in this section. Mr. Christie, then head of the concern, converted it into a stock company and remained at the head. Mr. Josey and his associates became connected with the company when it went on a stock basis.

The company is capitalized at \$250,000 and has a surplus of a like amount.

Directors of the Reinsurance Corporation of New York declared a dividend of 22.5 cents per share, payable Dec. 19 to stockholders of record Dec. 9. Total dividend payments for the year amount to 30 cents per share as a dividend of 7½ cents per share was paid July 15.

TNEC Activity Conversation Topic

(CONTINUED FROM PAGE 5)

posed to any change in insurance supervision. In some instances there is a vitriolic feeling expressed on the subject. There was general sentiment to the effect that the investigation into life insurance had been entirely one-sided and that no attempt had been made to give an estimate of what life insurance had accomplished.

Senator Wheeler's Letter

Commissioner Holmes of Montana had received a letter from Senator Wheeler of his state in which he stated that unless insurance companies seek legislation to remedy abuses within the industry itself, federal regulation is sure to follow. He said in part in his letter:

"It is most unfortunate that we are sometimes compelled to set up bureaucratic control over industry here in Washington because of the fact that the state administrations and the industry itself, do not correct the abuses."

"I am of the opinion that the abuses can be corrected by the companies themselves. Generally speaking, the state officials have been active to secure legislation to correct abuses but the companies themselves must take a forward-looking viewpoint with reference to this great problem or else federal regulation is bound to come."

Join the Surety Association

The American Guarantee & Liability and Occidental Indemnity are recent accessions to the membership of the Surety Association of America. The first named company is an affiliate of the Zurich, while the Occidental belongs to the Fireman's Fund group.

Send \$2 for Policy Sales & Survey Analyzer to National Underwriter.



At insurance commissioners convention, pictures by Harry H. Fuller, deputy U. S. Manager of Zurich: O. E. Erickson, North Dakota commissioner and his daughter, Miss Della Erickson.

Buyers Throng to Sessions of A.M.A.

(CONTINUED FROM PAGE 5)

Insurance buyers a criterion by which they could determine whether or not their insurance was costing them more than it was costing their competitors.

H. L. Jamison, head of H. L. Jamison, Inc., acted as technical adviser, W. F. Lund, United States Rubber Company, being chairman.

SESSION ON U. & O.

From questions propounded and answers thereto at the session devoted to use and occupancy values, which was presided over by A. Van Court Miller, of the New York "Herald-Tribune," with C. D. Minor, Royal-Liverpool, and R. W. Morrell, vice-president of Davis, Dorland & Co., as technical advisers, the consensus was that present U. & O. forms on boiler and power machinery should be brought up to date, and that until the casualty companies writing such coverage developed their forms to the extent at least of that of the fire offices, large industrial plants would experience difficulty in obtaining the right type of indemnity.

As part of the program, buyers were given four objectives desired in adjusting U. & O. losses; 1. Ascertaining U. & O. value; 2. Preventive measures; (How can the loss be reduced); 3. Determining the length of time required to restore the plant to operation. In this connection the suggestion was offered that the same estimators and buildings experts that figure on plant and machinery replacement, be used in making estimates; 4. The actual determination of a loss.

Surprise was created among the members in the course of the questioning to have one of the technical advisers set forth the exact conditions in particular plants, sometimes mentioning them by name; evidencing that he had not only visited the properties but had actually worked upon the problems they presented.

The members seemed in accord in the belief that the coinsurance form in which the labor payroll can be insured under the second item, has given satisfactory coverage. They were however of the opinion that there still remains too much confusion over the term "net profit" as applied to former U. & O. forms, and in certain instances, over the exact number of employees that would be included under the coverage. Appreciation was expressed for the readiness of insurance

companies to write "tailor made" contracts, fitted to the needs of the clients rather than try to induce the latter to accept a set type of policy.

War Risk Problems Are Analyzed

(CONTINUED FROM PAGE 3)

Government to set up a war risk pool, Mr. Cauchois said that probably such a scheme will be introduced at the next session of congress but that so far there is no necessity for it. He pointed out that Great Britain was in a very different situation, since if provisions were not made to keep insurance rates on goods shipped in British bottoms on the same level as neutral ships the British vessels would be discriminated against.

Land War Risk

H. C. Klein, assistant secretary New York Underwriters, acted as technical adviser on land war risk coverages. Asked why sabotage is not mentioned in contracts, he said that for one thing insurance against sabotage is not authorized under the laws of New York and that furthermore the term is too vague for insurance use. Some forms of malicious mischief are sabotage, he said, but all sabotage is not malicious mischief. For example, sabotage includes wasting of material, deliberate inefficiency, mislaying tools, wasting time, and other acts short of actual physical damage.

Another question was as to the meaning of "other warlike operations" as used in policies. This expression, Mr. Klein said, is probably the reason for more interpretations than any other. He said it is used in each reference to war and is based on the advice of competent counsel who have experience in admiralty cases and refers to operations conducted by United States forces while this country is at war or in preparation for imminent war or in course of safeguarding this country's neutrality. This would not include activities such as peacetime army maneuvers, sham battles, practice flights of army planes, and similar occurrences, despite their warlike aspect.

Bond Conference Held

HARTFORD — Bond department superintendents from 23 field offices of the Aetna Casualty & Surety attended a "Bond Conference" at the home office this week.

Delegates were present from Aetna Casualty offices in Atlanta, Chicago,

Cleveland, Dallas, Denver, Des Moines, Detroit, Grand Rapids, Harrisburg, Hartford, Indianapolis, Kansas City, Los Angeles, Louisville, Milwaukee, Minneapolis, New Orleans, Pittsburgh, San Francisco, St. Louis, St. Paul, Wheeling and New York.

The conference discussed problems of the bonding business and laid plans for the coming year.

Finance Executive Heard at Commissioners' Meeting

(CONTINUED FROM PAGE 3)

told the commissioners that the problem is a large one and that it should be viewed in its entirety; that to apply what may be regarded as reforms in one direction are likely to produce unforeseen and undesirable consequences. He said that the independent finance companies desire to comply with the insurance requirements just as exactly as they are able to do so, but that they feel that they are being discriminated against in insurance regulations that do not reach the major institutions. Mr. Chew referred to the fact that during the past year 17 insurance companies have been formed by finance institutions to handle their insurance requirements. Some of the medium sized

finance companies feel compelled to take this course, but Mr. Chew pointed out that there is quite a large number of the smaller finance companies that do not have a financial capacity to meet the organization requirements of insurance companies and hence they are being particularly squeezed.

Mr. Chew said that his organization is always prepared to discuss its problems frankly with the commissioners.

Promotes Patriotism

As a good-will builder, and as an effort to bring to the public at large that "we live in the grandest country in the world," the Preferred Accident's Chicago branch is giving small, silk American desk flags to agents and brokers. It is mounted on a black staff eleven inches high and is set in a gold-colored metal holder.

Although 250 letters announcing the gift were sent out just recently, it is reported that more than 125 requests for such flags have already been received.

The Midwest Life of Lincoln, Neb., has been licensed in Colorado for life and accident and health.

Send \$2 for Policy Sales & Survey Analyzer to National Underwriter.

Something NEW

You've heard the statement "There is nothing new under the sun."

You can't share that belief if you've seen Trinity Universal's new Automobile Policy. Here is a full-coverage automobile policy form that our agents agree is modern, complete and convenient. Would you like to have a specimen?

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DALLAS, TEXAS

CAPITAL \$1,000,000.00

from "WHAT IS AMERICAN?"

By RAY MURPHY, Assistant General Manager,
Association of Casualty & Surety Executives

★ ★ ★ "If it had not been for the capital stock companies, constantly urged to greater efforts by the spur of competition, the cost of insurance would be considerably more than it is now. The research and education they have conducted in the field of accident prevention has not been approached by any cooperative or mutual group . . .

★ ★ ★ "Through the National Conservation Bureau, accident prevention division of the Association of Casualty and Surety Executives, these capital stock companies are carrying their safety program forward on every front. This year we witness a tremendous reduction in traffic fatalities. It is no mere coincidence."

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Member, Association of Casualty & Surety Executives, and
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WE MAKE ACCURATE SURVEYS & INSPECTIONS
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PETERSON GLASS COMPANY
2833 John R. St., Detroit, Mich.

All-Risk Liability Stirs Keen Interest

(CONTINUED FROM PAGE 21)

employers, thus avoiding possible dispute in the event of a damage action.

Some of the large manufacturers contracting with independent parties to do their trucking, it was revealed, insist that the latter not only carry adequate liability and property damage insurance, but in the event of cancellation of the policy for any cause, give notice to the manufacturing corporation at least 10 days in advance of the termination date.

Excess indemnity beyond the basic 5,000-10,000 limits was held to be desirable by self-insurers, and many, it developed, were thus protected. The competent broker, it was agreed, could be and was of service to his clients in recommending safety measures, and aiding the management in seeing these were made effective. Brokers, an assured stated, were concerned in securing low rates for their assured, and the only way this could be done was through accident reduction.

Relation of Accidents to Cost

All of the manufacturers, it developed, appreciated that the cost of their indemnity was dependent upon the loss record, and hence were constantly striving to improve the latter. One large assured recited the practice of his concern in offering a reward each year to such drivers as came through the 12 months without an accident of any sort. The award increases in value each period until at the end of five years it consists of a gold watch. While the number of watches presented, he said, has now reached substantial proportions, their cost was more than offset by the saving in insurance premiums.

Fleet rates vary according to territories; the hazards of certain sections and of cities in such areas, differing materially oftentimes. While the zoning system employed was not claimed to be ideal, it was yet the best that could be devised. If a superior method can be found, assurance was given the insurance carriers will be prompt to adopt it.

Laws of a number of states, it was pointed out, prohibit the inclusion of employees' cars with those of their employers in order to secure the benefit of reduced rates.

Assured have no control over the claim reserves maintained by insurance carriers, it was stated, in response to an inquiry. As the insurance companies are liable for claims, it was set forth, they are most anxious to see that adequate reserves are carried at all times. In some cases, doubtless in many, the reserves for particular cases prove to be excessive; but as an offset they may and do frequently prove insufficient. In the long run, however, the average is found to be fairly correct.

When claim against an assured is made for a property damage, it was pointed out the assured should be careful to obtain a full release not only from the owner of the damaged car, but for all passengers that may be in the machine at the time of the accident, obviating thereby the possibility of claims for bodily injury being filed, perhaps long after.

To Sue on Colorado Liquor Bonds

DENVER—Secretary of State Saunders is seeking to collect bonds he declares forfeit on liquor dealers' licenses which have been revoked for violation of the state liquor laws. He states that collections will be sought covering all the licenses revoked during the past five years. A test suit will be filed within the next few days, according to word from the state capitol.

The Morris agency of Gallup, N. M., has reorganized with the following officers: Stella R Morris, president; Warren R. Hamilton, vice-president; Alice E. Walsh, secretary; Cynthia Chiaramonte, treasurer; Julio Chiaramonte, director.



Conventioneers at mid-winter conference of National Association of Insurance Commissioners:

Top row—R. G. Waters, Texas casualty commissioner, Mrs. Waters; Alvin Regan, Texas department.

Bottom row—Thomas Watters, Jr., National Board; George A. Bowles, Virginia commissioner; T. T. Moore, Virginia department.

Membership Is Stressed at Nebraska Agents Rally

(CONTINUED FROM PAGE 6)

membership is increased. He cited the need for more local boards, both city and county.

In talking on state association growth, Alex H. Case, Marion, Kan., a member of the rural agents committee of the National association, compared the problems of the large and small town agents. All states are now recognizing that the agent from the smaller community is necessary in realizing the increased membership. Programs at all gatherings of local agents, he said, have been broadened to include subjects that are of interest to every type of agent. Field men in Kansas, said Mr. Case, are doing a fine job in helping to obtain new members. His association gives publicity to the field men who are active in this connection and at the end of the year prizes are awarded to those who turn in the most names. Mr. Case urged a strong rural agents program for Nebraska. Membership would increase if such a program could be put into effect, he said.

Discusses Business Development

Business Development work was discussed by J. H. Du Vall, Nebraska state agent America Fore. In Nebraska there has been an average attendance of 55 local agents at each of the meetings.

A brief report on the Boston convention was given by Roy Hibben, president Omaha Board. Mr. Hibben recommended that local boards should always keep public relations before them and gain the friendship of the local press and foster public goodwill.

One of the problems constantly confronting the local agent is that of the death of his assured, according to A. J. Rhodes, trust officer Omaha National Bank, who spoke on "The Personal Representative." "The answer to this question determines whether or not you are properly servicing the risk," Mr. Rhodes stated. Some coverages such as accident and health, are terminated at the in-

sured's death and the agent's responsibility ceases except as to a pending claim or a possible refund of a premium through cancellation of the policy. On other forms of insurance, however, a definite responsibility exists on the part of the agent to see that the coverage is continued and policies properly endorsed.

Obligation and Opportunity

"A number of forms of policies, in case of the death of the insured, cover the personal representative of the deceased, if the company is notified within 30 days of death. Are you careful to see that such notice is given, or do you depend upon the attorney for the estate to do it?" Mr. Rhodes pointed to the service obligation in this respect as well as the possibilities of the sale of additional coverages to bridge the gap between the death and eventual settlement of the estate.

The concluding speaker was John S. Logan, Nebraska insurance department attorney. Although the insurance code drawn up in 1913 is a masterpiece of legislation, Mr. Logan said, the business has changed materially since that time, and with the numerous amendments which have been tacked on, the Nebraska insurance code is somewhat like a patchwork quilt. The code should be brought down to date. Its fundamentals are good, so that it should be comparatively easy to re-write it. Mr. Logan believes it is the duty of each company to police its own agents, and not the duty of the Nebraska department.

The mid-year meeting in Norfolk, while not as largely attended as some similar meetings in the past, was nevertheless a success, with about 75 registered, equally divided between agents and field men.

Talks by G. W. Funk, agency superintendent Great American, and C. A. Abrahamson, Omaha agent, were published last week.

Cornett Speaks in Indianapolis

INDIANAPOLIS—W. B. Cornett, Loyal Protective Life, Columbus, O., president of the National Accident & Health Association, addressed a dinner

meeting of the Indianapolis Accident & Health Club on "An Unconquered Field Challenges You," appraising the possibilities for a large increase in accident and health business.

About 40 attended the dinner as guests of the Taylor Publishing Company.

O. D. Action Deferred

JEFFERSON CITY, MO.—While the Missouri department has approved a 12.9 overall decrease in compensation rates for 1940, a new hearing on the request for increases on occupational disease was set for Jan. 5. The department turned down a requested modification to limit employers' liability under the standard policy. It did approve a change in the executive officers' rule. Under the present rule the assured can elect to exclude from both compensation and employers' liability policies any executive officer whose annual earnings exceed \$3,600. Under the approved new rule, any executive officer whose average annual earnings are less than \$3,600 may be excluded from coverage provided the officer rejects the workmen's compensation act. The retrospective rating plan is still "on the shelf." The department feels it doesn't have the authority under the law to approve or disapprove it.

Extended Cover, Licenses and Bonds Discussed

(CONTINUED FROM PAGE 35)

or strike is not covered. There is no provision for an increase in rates if a strike has been called.

Damage from objects falling from aircraft is covered. Smoke damage is covered only due to a sudden, faulty, or unusual operation of any stationary steam, hot water, or hot air heating plant used solely in the service of the building, and smoke from stoves or fireplaces is not covered. Vehicle damage is covered except that due to operation of motor vehicles by the insured, his family, employees, or tenants. Vacancy and unoccupancy conditions in the fire policy are waived except as regards explosion coverage.

Operation of Various Clauses

The fallen building clause does not operate if fire follows after fall caused by a hazard covered by the endorsement. The glass pro rata distribution clause in the endorsement means simply that to have full glass coverage, the policy must be written to 100 percent of the building value, otherwise glass is covered only in the amount that the face of the policy bears to the value of the building.

The endorsement has a war risk exclusion clause and does not cover loss or damage resulting from war or invasion. The new mandatory endorsement amends the war risk exclusion clause and denies loss or damage which may be done by agents of foreign belligerent governments. The "limited" vandalism and malicious mischief endorsement used with the extended coverage endorsement extends coverage to direct loss caused by wilful or malicious acts. The "broad" vandalism and malicious mischief form specifically includes damage done by agents of foreign belligerent governments provided they are not acting in connection with operations of military or naval armed forces.

Trezevant & Cochran in Casualty

DALLAS—With the opening of a casualty and bonding department, Trezevant & Cochran, insurance managers of Dallas, announce the organization has been appointed managers for Texas by Glens Falls Indemnity.

E. B. Gill, production manager of Glens Falls Indemnity, will stay in Dallas for the next few weeks to assist in organizing the new department. J. Alton Jones has been appointed superintendent of the new department. He was formerly assistant manager at Dallas for Massachusetts Bonding.

POINTERS FOR LOCAL AGENTS

H. C. Klein Frowns on Specified Time U. & O. Form

NEW YORK—H. C. Klein, assistant secretary of New York Underwriters, in addressing a forum of the "85 Club," the Fire Insurance Examiners Association of New York and the Insurance Brokers Association in New York Tuesday evening, voiced disapproval of the so-called specified time U. & O. forms that are available in Texas and the Pacific Coast states. He said he hopes that these forms will not spread to other territories. Another speaker at the forum was Frank A. Hughes, president of B. N. Exton & Co., of New York.

The specified time forms according to Mr. Klein, are a delusion and a snare for both the seller and the buyer. The seller can never be sure of the particular specified period of time for which he has sold a policy will survive the attack of competitors, eager to wrest control on the basis of some other period of time allegedly better suited to the buyer's needs.

Buyer Loses Peace of Mind

The buyer is deprived of the peace of mind which the purchase of U. & O. should assure, because he is doubtful as to the wisdom of his purchase. Every broker adds to his confusion no doubt by advocating a different specified period of time.

Mr. Klein said that a Pacific Coast hotel had been carrying a per diem form with the amount of insurance based upon the use and occupancy value for 12 months. The competing broker convinced the assured that he should switch to a six months specified time form and the assured was actually on the point of making the change, but the original broker succeeded in convincing the assured to retain the policy. A few months later the hotel was destroyed by fire, resulting in a loss adjusted at 10½ months total suspension.

Expresses Disappointment

Mr. Klein expressed disappointment that the new gross earnings form has not produced the greatly increased sales that were predicted at the time it was promulgated a year ago. He attributed the comparatively light demand in eastern and southern states to the higher rates that are charged for it and to its coverage of ordinary payroll blanket with necessarily continuing business expenses. Actuarially, he said, the new form is worth more than the rate charged for item 1 of the two item 80 percent coinsurance form, because the unlimited coverage of ordinary payroll will result in the payment of larger losses and because in most risks, the lower amount of insurance needed to comply with the requirements of the coinsurance clause results in less premium income for the companies with no reduction in loss payments.

An analysis was made of western lines that had been transferred from the two-item 80 percent coinsurance form to the new gross earnings form without change in rates. There was an 18½ percent reduction in premium and a 10 percent reduction in amount of insurance. Inasmuch as most U. & O. losses are partial, a reduction of only 10 percent in the amount of insurance means practically no reduction in the liability. Mr. Klein stated that since all merchants do not desire to insure under ordinary payroll coverage, the two-item 80 percent coinsurance form will continue to be in demand because the annual

amount of ordinary payroll is deducted when computing the amount of insurance for item 1 of that form, and because under item 2 ordinary payroll may be insured for as little as 80 percent of the payroll for the 90 days of greatest payroll or approximately 20 percent of the annual amount of ordinary payroll.

Should Give Warning

Mr. Klein warned against permitting assured to get the impression that the new form guarantees recovery for the wages of all employees for the full duration of a long suspension of business. The question of which expenses and which wages necessarily continue depends on the duration of business interruption and becomes a question for adjustment.

Mr. Klein expressed the hope that the gross earnings form will soon be available on non-manufacturing risks other than mercantile. He pointed out that the much greater importance of ordinary payroll in manufacturing risks than in mercantile risks will make it difficult to adapt to all classes of manufacturing risks a form which blankets the full and unlimited coverage of ordinary payroll with the coverage of other expenses and net profits.

Mr. Hughes gave a number of suggestions of practical value. More than 40 percent of American industries have suffered severe fire losses and never resume operations because they cannot survive the almost endless chain of indirect losses following the fire itself, he declared. For instance, as soon as the fire occurs the income ceases but the fixed and continuing charges go on. The longer the period of shutdown the greater is the reduction in current assets. Concerns to whom the products have been sold and who formerly discounted their bills may not exercise the privilege. Some will take additional time while some accounts will endeavor to secure consideration not contemplated at the time of sale. In the event of total loss of units, the assured will have to make up the difference between the sound value of the property destroyed and the replacement cost.

Raw Stock in Yards

Mr. Hughes recommended that the broker investigate carefully to see whether a large portion of the raw stock of an assured is in yards. If so, in order to secure the full recovery of the actual loss sustained from the destruction of raw stock, it is necessary to extend the policy to include such property in yards. He recommended that investigation be made of whether contingent use and occupancy should be carried on plants furnishing raw stock which has been partly processed. The direct U. & O. policy will only cover the actual loss sustained for the period of time that the damaged or destroyed raw stock would have made operations possible. Many manufacturers, he said, proceed with the processing of a stock to a point where only minor but essential operations are left before the product is ready for packing, shipment or sale. This point should be investigated and the policy should provide for granting the necessary estimated time for replacing stock in process that is usually on hand.

Sometimes a manufacturer, he said, will carry on mercantile operations involving the sale or disposal of goods

which are not the product of the operations as conducted. Under these conditions, the profit derived from the sales of merchandise can be covered by endorsement of the U. & O. policy. If, however, coverage is desired for loss of profit on the finished stock which is the production of the plant described in the policy, then specific profit insurance should be carried. Usually the form carrying the highest rate should be used, as the difference in the amount of re-

covery in the event of loss is well worth the extra price which the assured would pay.

Mr. Hughes emphasized the desirability of explaining to the assured fully the items to be deducted from their gross income in determining their present day U. & O. values. Occasionally, an assured charges, in the cost of goods, items upon which insurance is required to be carried under the terms of the policy.

Cincinnatians Discuss Bonds, Extended Cover, Licensing

CINCINNATI—Highlights of the Cincinnati Fire Underwriters Association's annual educational meeting for solicitors were an explanation of the Ohio department's requirements in the requalification of all solicitors by Jan. 5, a talk on the sale of fidelity bonds, and a playlet on the extended coverage endorsement. Several hundred turned out for the meeting. T. M. Geoghegan, president of the association, introduced the speakers.

V. G. Martin, Columbus, Ohio department supervisor of licenses, said that the department had sent out its announcement to all 14,000 agents in the state instead of only to 3,000 agencies having solicitors, in order to insure all agents being familiar with the new ruling. Agencies not having solicitors may ignore the questionnaire, Mr. Martin said. The agent is asked whether he has had solicitors or has accepted business from solicitors within the past two years. An agent who has previously qualified as both an agent and solicitor must requalify as a solicitor. Any solicitor not qualified by Jan. 15 will not receive a license, Mr. Martin said, since the department will assume that he is no longer in business. The department has done away with its old advance deposit system under which the licensing department had no check to enable it to determine whether an agent had forwarded his solicitors' fees.

Building and Loan Employees

The department is interpreting the question regarding the amount of premiums on the solicitor's own property as applying to property on which a building and loan association has a mortgage, when the solicitor is an employee or officer of the association.

A solicitor is not permitted to sell accident and health or life insurance, Mr. Martin said. If he desires to do this, he must obtain an agent's license. Accident and health may be classed as either casualty or life, depending on the license of the company writing it.

Must Get Employer's Consent

A number of companies are licensed for surety in Ohio but do not write it except through special representatives, Mr. Martin said. However, an agent representing such a company must take the surety examination even if he does not write surety business. No individual is licensed if he is on the public payroll on a full time basis, Mr. Martin stated, in answer to a question. If a man who has another position wishes to write insurance on a part time basis, his employer must complete a form which gives the employee permission to leave his work at any time to serve his policyholders. If the firm is a corporation, the consent of the president or secretary is required; if the employer is an elected board, the approval of a similar officer is needed, and, if a railroad, the

consent of the division superintendent or higher official must be obtained.

J. Dillard Hall, Baltimore, assistant agency director, U. S. F. & G., talked on fidelity bonds. Mr. Hall said he always remembered that when he first started in business his manager had said an insurance agent was an educator, habit former, and trustee. The same terms may be applied to the fidelity business, which Mr. Hall termed the "forgotten line," although it occasionally receives front page publicity, as evidenced recently by the operations of a former president of the New York Stock Exchange and a drug king. Only \$22,000,000 fidelity premiums were written in 1938, less than 6 percent of the total casualty and surety volume. The loss through dishonesty is admittedly greater annually than the fire loss, which in 1938 was \$302,050,000, Mr. Hall said.

Mr. Hall stated that the advantages of fidelity business are that it is the most profitable, the least developed of all insurance lines, free of objectionable cut rate competition, pays a larger revenue and assures a high grade clientele. Every employer is a prospect, and an agent secures the best line and the best entree to other business, because of the knowledge he obtains through the information furnished by a fidelity applicant.

Extended Coverage Play

The skit on the extended coverage endorsement put on by two Columbus state agents, D. E. Tanner, Commercial Union, and H. R. Underwood, Providence Washington, was well received. Mr. Tanner took the part of an agent and Mr. Underwood a fieldman.

The fundamental principle of the endorsement, Mr. Underwood said in reply to a question from Mr. Tanner, is that, when used, it becomes a basic part of the fire policy and the fire policy and the endorsement are a single policy, instead of a number of policies. It thus protects against windstorm, hail, explosion, riot, motor vehicles, aircraft and smoke, as well as fire. When more than one fire policy is in force on any given risk, the endorsement must be added to all policies in order to get the full benefit of its coverage, otherwise recovery is reduced in proportion as the face amount of the policy with the endorsement bears in relation to the total fire policies carried.

Exclusions and Conditions

Under the alterations and repairs clause, coverage is given if the endorsement is attached to a fire policy written on a building under construction. It does not cover explosion originating within steam boilers, pipes, fly-wheels, and machinery. Direct damage by riot is covered, indirect or consequential loss resulting from a change in temperature or interruption in operations from riot

(CONTINUED ON PAGE 34)

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

St. Louis Agency's New Quarters Are Distinctive

ST. LOUIS—The Insurance Agency Company of St. Louis is holding a reception Thursday of this week in connection with the completion of modernization of its new headquarters. A number of head office executives, field men and other friends are planning to attend. The agency's building at 214 North Fourth street, formerly a one-story structure, has been completely remodeled with the exception of the front and has been converted into a two-story structure. It is air-conditioned and air-cooled. Fluorescent lighting has been installed and the woodwork is of bleached Philippine mahogany. The offices are most attractive and distinctive.

All Under One Roof

The Insurance Agency Company is now operated entirely under one roof, having a claim department and workroom on the second floor, brokers room and private offices on the first floor. W. D. Hemenway, Jr. is president of the agency.

The agency has been located at 214 North Fourth street since 1933. The building was originally constructed for the German American Bank about 35 years ago.

Four members of North British and Mercantile's Chicago offices will attend the opening. They are W. R. Kirk, agency superintendent western department; and from the Chicago department, R. G. Tanger, superintendent inland marine; L. C. Sylvester, superintendent brokerage and service, and A. E. Lehman, superintendent automobile.

R. S. Oellers, secretary, and F. J. Pocquette, western field representative of the Mesarole companies will attend.

Fight Turning Neb. License Fees to School Funds

LINCOLN, NEB.—Insurance Director Smrha has directed J. D. Logan, department attorney, to oppose the suit to compel payment into school funds of the various counties of license fees collected from insurance companies. The action is based on the constitutional provision that "license moneys shall belong and be paid over to the counties respectively where the same may be levied or imposed" for the support of the common schools.

Mr. Logan contends that the section quoted refers only to license moneys which arise by virtue of the authority of the counties or other political or governmental subdivisions, and not the state itself. So far as the insurance department is concerned, he says, these are not license moneys because not intended for purely regulatory purposes, but designed to raise revenue for the support of the department.

To hold the contrary would compel the closing of the department as well as other bureaus similarly situated.

Expect Prompter Collections Under New Michigan Law

LANSING, MICH.—Study is being given by leaders of the Michigan Association of Insurance Agents and particularly by W. O. Hildebrand, secretary-manager, to the state's new intangibles tax act which will apply, after Jan. 1, to agents' bank balances above a \$3,000 exemption. Prompter settlement with the companies, a general tightening of credit policies, and more exact and detailed accounting methods

are viewed as the probable effect of the new law on the larger agencies.

Both premiums paid and benefits received from annuities, if in sufficient amounts, are taxable but cash surrender values of other life policies specifically are exempt from taxation. Bad debts may be charged off in statements but the charge-off must be total, no credit being allowed for settlements at less than the full amount owed.

Agents would be required to pay the levy on notes payable in connection with premium-financing plans as they are deemed accounts payable under the law.

Illinois Regional Meeting Plans Being Drafted

Plans for a number of regional meetings of the Illinois Association of Insurance Agents and the dates were announced by the regional vice-presidents this week.

Ralph C. Niemeyer, vice-president of Region 6, set Feb. 15, as the date for the first regional meeting of the year, to be held at the Elks Club, Belleville.

Donald P. Frazier, vice-president of Region 2, set May 7 for the first regional in that section, to be held at the Leland Hotel, Aurora.

Glenn F. Mendenhall and J. Logan Gover, regional vice-presidents of Regions 3 and 4, respectively, selected Galesburg and Champaign as the cities but have not yet named the hotels in which the meetings are to be held. Region 3 has selected May 8 and Region 4, May 9, and it is anticipated that it will be possible to a limited extent at least, to use the same speakers in each of these meetings.

Ross L. Weller of Region 5 and Samuel A. Rothermel of Region 1, are planning meetings but have not yet fixed the places or dates.

The gatherings are activities of the local boards and membership committee, of which Dudley F. Giberson, Alton, executive vice-president, is chairman.

Oldest Fire Chief Resigns

SIOUX CITY, IA.—Fire Chief Geo. M. Kellogg has resigned. He had served as chief of the Sioux City department for 51 years, and he was a member of the local department before he was chief. In 1938 he was honored at a celebration sponsored by the insurance interests and citizens and by the International Association of Fire Fighters, of which he is president emeritus. John Yeager, who has been first assistant chief, has been appointed chief.

Vernor Talks in Joliet, Chicago

R. E. Vernor, manager fire prevention department Western Actuarial Bureau, Chicago, addressed a meeting of the Illinois committee of the Chicago Association of Commerce on Wednesday on fire prevention.

The day before he spoke at a meeting of the Joliet (Ill.) Rotary Club on the same subject.

Changes in Indiana Schedule

The Indiana Inspection Bureau has filed a new classification on second-hand automobile parts where the stock is not connected with the dismantling and wrecking of automobiles. This was formerly in the automobile junk yard classification. The rates for the new class are a little higher than for new stocks of parts. The bureau also filed a new electric generator station schedule, providing for blanket insurance on building and contents by adding a dif-

ferential building rate. This eliminates the necessity of securing a statement of separate building and contents values. Under former rates it was difficult to arrive at the separate values of building and contents because of the nature of the risk and construction. Final premiums are expected to be about the same.

Meyer Waupaca County Head

WEYAUWEGA, WIS.—B. E. Meyer of Marion was elected president of the Waupaca County Insurance Underwriters Association at a meeting here. George Murtz, New London, was named vice-president, and Miss Hattie Schroeder, Clintonville, secretary-treasurer. Guest speakers were Harvey Girard, Providence Washington; Frank Goldthorp, Commercial Union, and Edwin Knox, United States Fire, Milwaukee.

Wisconsin Executive Committee

Grover F. Miller of Racine, president Wisconsin Association of Insurance Agents, and August Lutze of Sheboygan, chairman of the executive committee, have announced the membership of the new committee: Roy L. Davidson, La Crosse; Willard V. Jackson, Eau Claire; Donald Van Wort, Beloit, and William F. Koch, Milwaukee. The chairman of the executive committee was selected at the annual meeting in Wausau, and members are appointive.

Mutuals May Insure Schools

DES MOINES—Attorney-general Everett holds directors of school districts may buy wind and fire insurance from mutuals, whether assessable or non-assessable.

The Osceola county attorney had requested the opinion.

The attorney-general says the code does not discriminate between assessable and non-assessable and consequently ruled that boards may purchase either, if it is provided for within the budget law.

Illinois Fire Losses Increase

SPRINGFIELD, ILL.—Fire losses in Illinois for the fiscal year ending June 30 totaled \$13,372,590, or \$2,786,269 more than for the previous 12-month period, according to the fire marshal's office. The total number of fires was 15,821, decrease 265. Lives lost by fire were 174 and injuries were 469. Of the total fire loss in the state, \$8,702,692 was in damage to buildings and \$4,669,898 was loss to personal property.

There were 1,910 fires in apartments, flats, or rooming houses; 5,866 in private homes, 1,243 in store buildings, 1,046 garages, 74 schools or colleges, 16 hospitals, and 75 churches. There were 1,695 fires in autos, 64 on railroads, or street cars, 10 on boats, two bridges, five on wagons, and five on water tanks.

Hantelman Cleveland Speaker

G. C. A. Hantelman, public speaking expert, will address the Insurance Board of Cleveland Dec. 14 on "The Unknown Power."

Overflow Meeting at Wichita

WICHITA, KAN.—The Wichita Insurors had an overflow crowd of nearly 100 for the Dec. 7 meeting, at which a group picture was taken for a special insurance issue of the "Wichita Magazine," published by the chamber of commerce, to advertise the Wichita Insurors and the special insurance meeting of the chamber Jan. 8, at which Ray Murphy, associate manager Association of Casualty & Surety Executives, will speak. The magazine will contain pictures of many of the agencies, and articles concerning the Wichita Insurors,

Insurance Women of Wichita, Sunflower Blue Goose puddle, adjustment companies, Kansas Inspection Bureau and Central States Fire, to show the importance of insurance to Wichita.

Dr. Rena Gouldner told of the European situation. The Christmas party has been set for Dec. 21. A. E. Smoll, past president, is general chairman.

Seek to Coordinate Work

DULUTH, MINN.—A movement to coordinate the good will activities of life and fire insurance agents in this section of Minnesota is expected to be launched at a regional gathering of life agents Dec. 15. President Hiram Moore of the Minnesota Association of Life Underwriters and Harry Levant, Eveleth, president Minnesota Association of Insurance Agents, will be present.

Chief speaker will be Harold J. Cummings, vice-president and agency director of Minnesota Mutual Life. Others on the program will be G. C. Hurst and Ellis Sherman, Minneapolis, and Mr. Moore.

C. F. Liscomb, past president National Association of Insurance Agents, will welcome the life men in his capacity as president of the Duluth chamber of commerce.

Name Ohio Agents Committees

Committees were appointed by W. A. Earls of Cincinnati, president Ohio Association of Insurance Agents. The chairmen are: Unauthorized insurance, C. R. Laurenson, Canton; conference with companies, L. Calvin Jones, Youngstown; rural agents, J. Bryan Wollam, Cortland; finance, Hugh L. Meek, Columbus.

Other committee appointments will be made in the near future.

\$90,000 Loss at East Moline

Loss to insurance of \$90,000 is total in the fire that destroyed the vacant plant at East Moline, Ill., that was formerly occupied by the Yellow Truck & Coach Co., a subsidiary of General Motors. The buildings had been vacant for several years. The fire started in high, dead grass surrounding the building. The line was carried by Johnson & Higgins.

Rockford, Ill., Gathering Feb. 7

The Rockford (Ill.) Board of Fire, Casualty & Surety Underwriters will hold its annual insurance day there Feb. 7. Spencer Welton, vice-president Massachusetts Bonding, will be the principal speaker at the dinner. Other features of the program will be announced later by the program committee.

Metcalfe Heads St. Louis Group

ST. LOUIS—G. S. Metcalfe, secretary Strodtman & Strodtman Real Estate Company, was elected president of the Associated Fire Insurance Agents & Brokers of St. Louis at its annual meeting. Other officers are: First vice-president, William Rodiek, Jr.; treasurer, R. E. Doerflinger; secretary, J. C. Greulich.

NEWS BRIEFS

C. D. Scheiferstein, local agent of Lorraine, O., has been appointed safety director of the city, serving on a part-time basis.

C. E. Day has been elected president of the Aurora, (Ill.) Association of Insurance Agents succeeding John E. Moschel. D. V. McWethy is vice-president and Hal Beebe is secretary. Membership is now 22.

Jason Crain, for six years in charge of insurance in the liquidation of Union



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Newark, Pittsburgh, Portland, Seattle, Syracuse

Trust Co. and Union Properties, Inc., Cleveland, has opened an office in the Union Commerce building, Cleveland, as an insurance analyst and consultant. At one time he was with the San Francisco office of Marsh & McLennan.

Missouri Agents' Committees

KANSAS CITY—Committees of the Missouri Insurance Agents Association were named. The chairmen are: executive committee, Lorren W. Garlich, St. Joseph; finance, John J. O'Toole, St. Louis; accident prevention, K. M. Hickey, St. Louis; membership, Joseph H. Ashton; fire prevention, Basil Sparlin, Springfield; rural agents, George Clayton, Hannibal; publicity and education, A. F. Felker, St. Louis; grievance, J. H. Ashton, Kansas City.

The Insurance Women of Wichita had as guest speaker Henry Silverstein, jeweler, who talked on "Gems and Precious Stones." The Christmas party will be held Dec. 19.

James R. Graham, Chicago manager United States Aviation Underwriters, talked to the Insurance Club of Minneapolis on his flying experiences in Latin-America.

E. P. Guinane, special agent in northern Ohio for Federal Bureau of Investigation, is addressing the meeting of the Cuyahoga County Board of Underwriters in Cleveland, Dec. 21, on "The F.B.I. and Its Relation to Insurance."

The John C. Soet agency and the J. M. Paull & Son agency at Conneaut, O., have been merged. W. W. Paull will act as manager. Mr. Soet will act in an advisory capacity. He has been in the insurance business 17 years. The Paull agency was established in 1909. The new name will be J. M. Paull & Son Co.

Mrs. Ruth Major of the Brier agency was elected president of Topeka Association of Insurance Women at the annual meeting. Vice-president is Miss Margaret Lodge, C. G. Blakely agency; secretary is Miss Opal McLaughlin, secretary to State Agents R. N. Colvin, C. E. Smith and Byron R. Ward; treasurer is Miss Marjorie Wilson of the Meade Investment Company. The association is sending Christmas baskets to needy families.

SOUTH

Agents' Position in San Antonio School Insurance

SAN ANTONIO, TEX.—F. F. Ludolph, secretary San Antonio Insurance Exchange, has notified the exchange members that the local board of education wishes to carry fire insurance on school property on an excess basis, preferably with a \$50,000 deductible. The agents association cannot make any such proposition, Mr. Ludolph said, because the state insurance department has not approved a deductible or excess form or expressed its opposition to anything of this sort. The Insurance Exchange submitted an estimate of the cost of insurance on an 80 percent coinsurance basis, as requested, and offered the services of the agents in securing rate reductions, some of which are known to be obtainable, and asked for the privilege of submitting estimates with a smaller coinsurance percentage or without coinsurance, but this was declined.

The directors of the Insurance Exchange, in order to avoid criticism from any member who might feel that his hands had been tied, expressed their opinion that if any individual wishes to make a bid he should feel free to do so. Mr. Ludolph's letter also states that the San Antonio Insurance Exchange feels that the best interests of the taxpayers would be served by permitting the handling of their insurance through the local insurance board, thereby giving the school properties the benefit of the combined knowledge and experience of the membership and the engineering facilities of all the companies represented, and

that the deductible plan would place an unwarranted risk on the funds which the school board has accumulated.

It is understood that the school board, which now has about \$60,000 in a self-insurance fund, hopes to save money to increase this fund.

Copies of Mr. Ludolph's letter were sent to each member of the school board.

Harrison Atlanta Library Head

The Insurance Library Association of Atlanta at its annual meeting named the following officers: John M. Harrison, Royal, president; C. S. Whitner, Hartford Fire, and R. G. Turner, America Fore, vice-presidents; P. H. Plant, Fire Association, secretary-treasurer. The executive committee is composed of R. L. Graves, Crum & Forster; P. B. Hulfish, Southeastern Underwriters Association; E. M. Ramson, Commercial Union; J. H. Dillard, Fireman's Fund; Lloyd T. Wheeler, Southeastern Underwriters Association, and J. H. Hines of Hines Bros., retiring president.

Students' registration totaled 122; 62 students passed their examinations in various classes.

Big Loss on Freight Warehouse

Loss estimated at \$200,000 resulted from fire which destroyed the offices and warehouse of the Rutherford

Freight Line at Bristol, Va. The loss was reported to have been covered by insurance. Another fire, at Pounding Mill in southwest Virginia, resulted in a property loss of \$75,000. Buildings destroyed included several residences, one store, the postoffice and a church.

Texas Fire Losses Increase

AUSTIN, TEX.—An upward trend in fire losses has started discussion of the possibility that Texas fire insurance rates, which have been cut in the past three years, might be forced upward next year.

Fire Commissioner Hall has warned that fire losses for the first 10 months have shown a decided increase and at the present rate will increase \$2,000,000 for the year.

Want Compliance with Rates

The Mississippi Insurance Commission which has charge of rates in the state, consisting of Insurance Commissioner Williams, J. C. Mitchener and W. T. Wynn, are taking up the subject of rates for the Home Owners Loan Corporation and for the Farm Security Administration. The commissioners claim that these bodies are seeking bids for lower rates thus violating the state anti-discrimination law. The FSA, it is charged, has sought bids for blanket cover. The commissioners steadfastly

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hold to the position that these governmental agencies must observe the rates as well as any other body.

Mutual Agents' Meeting

The Virginia-District of Columbia Association of Mutual Insurance Agents held a meeting this week at Richmond, Va. The headquarters of the National Association of Mutual Insurance Agents is 1301 H street, N.W., Washington, D.C., P. L. Baldwin being executive secretary.

Texas Invokes Retaliatory Act

AUSTIN, TEX.—Kansas companies operating in Texas must pay a \$2 fee for each solicitor operating out of a recording agency which has been appointed by such companies, it has been held by Attorney-general Mann in an interpretation of the Texas retaliatory law. Kansas has a flat \$2 fee for licenses while in Texas a solicitor needs only to have a formal notice of the appointment and no fee is charged.

Funds Must Be Appropriated

AUSTIN, TEX.—Construing terms of Senate Bill 404 and of the general appropriation bill, Attorney-general Mann has advised Commissioner Woodward that examination and licensing fees may be expended only as directed by appropriation bills.

Provides Rural Fire Protection

OKLAHOMA CITY—Under provisions of the new state law, the city council of Oklahoma City has passed an ordinance authorizing the city fire department to answer fire calls to any point 10 miles outside the city limits for a charge of \$50 an hour.

NEWS BRIEFS

H. G. Reinhackel, San Antonio, special agent America Fore, presented a clock to R. J. Knox of the Knox Company agency, Burnett, Tex., for representation of the Continental for more than 25 years.

The annual dinner dance of the Nash-

Expands Service

L. A. GOULDMAN

Lawrence A. Gouldman, prominent independent adjuster of Little Rock, has taken a forward step in the opening of seven branch offices in his territory.

ville Association of Insurance Women was attended by about 100. W. A. Bass, superintendent of schools, was the speaker. Mrs. Richard Allen, retiring president, was presented a silver service.

A tax of 1 percent on gross receipts from fire and tornado insurance premiums collected in Miami, Fla., has been levied by the city commission under a new state law that gives the companies credit on state taxes for such amounts paid to municipalities.

H. J. Hale, Osceola, Ark., local agent, has been elected president of the Osceola Shrine Club. He is also president of the Rotary Club there.

EASTERN STATES ACTIVITIES**R. I. Agents Elect Davis President**

PROVIDENCE, R. I.—The Rhode Island Association of Insurance Agents held its annual meeting here Tuesday. The only business transacted was the election of new officers: President, Henry E. Davis, Providence; vice-president, Walter R. Johnson; treasurer, Earle B. Dane, Providence; secretary, William A. Lester, Providence; national councillor, Paul A. Colwell, Providence.

President Davis outlined plans for the new year including an educational plan and a legislative program stressing a qualification bill. President McGlynn of the Massachusetts Association of Agents addressed the meeting.

Reid Predicts Wide Use of Insurance Statements

PITTSBURGH—A prediction that financial statements before many more years will contain a certification from an insurance agency that the company has adequate insurance, was made by Charles A. Reid, Wallace M. Reid & Co., before the Credit Association of Western Pennsylvania here. Public accountants are unwilling to certify to the correctness of any firm's insurance or to the adequacy of coverage in their audits. It is up to credit men to urge the use of recommended forms to assist them in determining some of the contingent liabilities affecting a credit risk and to insist that not only an insurance statement be provided but also a certification of

coverage from an insurance agent, Mr. Reid declared. "Before many more years financial statements which are sent to stockholders, will contain not only the certification of the public accountant but there will also be a certification from an insurance agency, certifying that the company has complete sound and adequate insurance against all contingencies—or noting the exception of the risks which the management has elected to carry against the company's surplus."

Raymond Young Joins the Broderick Organization

Dearborn National and Great Lakes Casualty have appointed Raymond Young, associate manager of their new Philadelphia office at 378 Drexel building. The office supervises eastern Pennsylvania and southern New Jersey. Mr. Young entered the business in 1922 with Alliance. Four years later he went with Lumbermen's, first as counterman and then as special agent. Then he served as counterman and assistant underwriter in the Philadelphia office of Continental. His next connection was with Penn-Liberty in a field capacity. He resigned that connection to go with Dearborn National and Great Lakes.

Tri-County Board Formed at Meeting in Oil City, Pa.

OIL CITY, PA.—At a meeting of fire and casualty agents here, a new local board comprising the counties of Crawford, Mercer and Venango was organ-



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ized and affiliated with the state and National Association of Insurance Agents. The following officers were elected: J. E. Burns of J. R. Gates Sons Company, Oil City, president; L. B. Starr, Gelvin, Jackson & Starr, Meadville, and A. J. Petrini, Petrini Realty & Insurance Company, Sharon, vice-presidents; J. W. Barr, Jr., Barr's Agency, Oil City, secretary-treasurer.

Three chairmen to represent their respective counties were named: John F. Barber, Titusville, for Crawford county; John F. Gilbert, Sharon, for Mercer county, and George B. Fry, Franklin, for Venango county. No name has been decided upon for the new organization. It will be acted upon later.

Honor Griffith, 40 Year Man

About 50 attended a dinner in Summit, N. J., honoring Stephen C. Griffith, Jr., local agent of Morristown, N. J., who has completed 40 years in the insurance business. W. C. Schryver was toastmaster. Speakers included Franklin D'Olier, president of Prudential, and L. A. Watson, Schedule Rating Office of New Jersey. E. A. Rogers, assistant Newark manager U. S. F. & G., presented Mr. Griffith a scroll.

Healy Speaks in Greensburg

G. M. Healy, Pittsburgh, manager marine department of the Automobile in western Pennsylvania, spoke at the meeting of the Westmoreland County Association of Insurance Agents in Greensburg, Pa., on the origin and growth of inland marine insurance and floaters as a development of ocean marine. He predicted a great future for this type of business and urged that an effort be made to sell it because it is a variety of coverage the public has been seeking.

Name New Hampshire Committees

MANCHESTER, N. H.—President R. S. Perkins of the New Hampshire Association of Insurance Agents has appointed his new committees. Chairmen are: Educational, J. F. DeMeritt, Exeter; compensation, K. R. Kendall, Rochester; rural agents, H. J. Curtis; Business Development, V. J. McPherson, Claremont; automobile insurance, A. B. White, Keene. Mr.

Perkins heads the conference committee.

Boysen Pennsylvania Deputy

Alfred C. Boysen of Glenside has been appointed deputy commissioner of Pennsylvania. He has been with the department since 1933 and recently has served as chief examiner of casualty companies.

Estep Talks on Rates, Forms

PITTSBURGH—W. K. Estep, manager Allegheny division Middle Department Rating Association, spoke on rates and forms at the monthly meeting of the Pittsburgh Association of Insurance Agents. The program was in charge of the rates and forms committee, headed by E. W. Geisler, Fred S. James & Co.

A. W. Pardew, W. W. Flanegin & Co., vice-president of the association, presided.

Stevenson with Gile Agency

HANOVER, N. H.—Norman Stevenson, for four years business manager of the Dartmouth "Alumni Magazine," has joined the Gile & Co. agency here, headed by A. B. Gile, a Dartmouth graduate and former president of the New Hampshire Association of Insurance Agents. The agency handles a large part of the insurance coverage on Dartmouth college properties.

NEWS BRIEFS

County divisions of the New Hampshire Insurance Women's League have been most active. W. D. Neese, Standard Accident, Boston, described agency clerk qualifications for the Hillsboro county group at Manchester; Vice-president L. S. Harvey of the New Hampshire Fire spoke to the Belknap county group at Laconia and F. H. Morasch, Fireman's Fund, will speak on "The Part Women Play in the Insurance Business" before the Hillsborough county group at Goff's Falls.

G. W. MacPherson, for 10 years staff adjuster of the Fire Companies Adjustment Bureau in New England, has opened offices as an independent adjuster at 171 Westminster street, Providence, R. I.

PACIFIC COAST AND MOUNTAIN

Weigh 30% Cut in Washington

The proposal is under consideration by the Washington advisory committee to reduce the fire rates on preferred classes in that state 30 percent, in addition to the present 30 percent deviation. Protests against such reduction have been filed by the Northwest General Agents Association and the executive committee of the Insurance Agents League of Washington also opposes such a move. It is understood that the advisory committee has before it a suggestion that the 30 percent reduction be in the form of a no claims bonus providing for return of premium in the event that no losses are reported by the assured during the policy term.

The board companies are constantly conscious of the competition in Washington offered by General of Seattle which writes a participating policy, and Northwestern Mutual Fire.

Cairns Honored at Retirement Dinner

SAN FRANCISCO.—At the dinner tendered to Vice-president E. T. Cairns of the Fireman's Fund on the eve of his retirement, Clifford Conly, Pacific Coast manager Great American and Phoenix, presided and read many of the more than 100 wires and letters from distinguished friends of Mr. Cairns. Russell L. Countryman, Pacific Coast manager Norwich Union and president Pacific Board, presented Mr. Cairns with a handsome watch. J. B. Levison, board chairman of the Fireman's Fund, told of events leading to his selection of Mr. Cairns as member of the "family" 18 years ago. Charles R. Page, president Fireman's Fund, also spoke in appreciation of the honored guest. Mr. Cairns responded in his usual happy manner. Mr. Conly then presented Mr. Cairns'

three sons who had come to San Francisco to join with their father's many friends in the tribute. They are: Robert Cairns, special agent Providence-Washington, traveling out of Boston; Alan Cairns, in charge of the Fire Companies Adjustment Bureau at Stockton, Calif.; and James Cairns, Los Angeles special agent Hartford.

Two Executives from East

Two out-of-town visitors were given a taste of what a real insurance party is in San Francisco. They were: J. K. Hooker, vice-president Automobile; and Grant Bulkley, vice-president Springfield Fire & Marine. Mr. Bulkley was formerly with his company's Pacific Coast department.

Oliver Coast Head of Security

E. V. Oliver has been appointed manager of the Pacific Coast department of Security of New Haven. He succeeds Benton A. Sifford, who has resigned. The change was announced by President Peter J. Berry, who was in San Francisco.

Mr. Oliver has been assistant manager. He has held the title of assistant secretary of Security and secretary of East & West.

Mr. Sifford went with Security in 1926, when the Pacific Coast office was established. Previously he had been connected with the California as secretary. Mr. Oliver also got his start with the California.

Mr. Berry has now returned to the head office.

Adjustment Service Expanded

DENVER—Increasing the number of offices from five to 13 in four years has decreased costs and raised the efficiency of the Rocky Mountain department of the Fire Companies Adjustment Bureau, according to R. M. Hill, manager. Where formerly one of the 10 adjusters might be called on to travel several hundred miles to get to an assignment, now an office fairly close to the scene is able to get an adjuster there with a minimum of delay and without heavy traveling expense. There are 27 adjusters working from the 13 offices at convenient points throughout Colorado, Wyoming and New Mexico. Offices in Colorado are: Colorado Springs, Denver, Durango, Grand Junction, Pueblo and Trinidad. In Wyoming, the Worland office moved to Thermopolis. Others are Casper, Cheyenne and Rock Springs. New Mexico has offices at Hobbs, Albuquerque and Roswell.

"Unaffiliated" Proposal Wins

Membership of the Pacific Board has now approved the proposal to permit the board companies to accept business from certain "approved" brokers that are not members of either San Francisco brokers organization. The proposal was made at the recent semi-annual meeting of the Pacific Board. It is stated that each unaffiliated broker will be carefully considered and that his support of "separation" assured before he is given the approval of the board.

NEWS FLASHES

Claude H. Barr, former president of Illinois National Casualty of Springfield, Ill., is now engaged in the agency business at Santa Barbara, Cal. Associated with him is Lloyd H. Lonergan.

At the annual banquet, Christmas party and installation of officers of the San Francisco Insurance Women's

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League, Mrs. Alyce West of J. P. Cuaneo office, who has served as president for two years, turned the gavel over to her successor, Miss Evelyn Young of Marsh & McLennan. With J. H. Martin, Standard Forms Bureau, as Santa Claus, "The Story of Christmas," written and produced by E. Florence Prince, Commercial Union, was presented.

Jay W. Stevens, chief of the fire prevention bureau of the National Board, was honored at a banquet given by San Bernardino and Riverside county fire departments at Ontario, Cal., in recognition of his 23 years' service in behalf of Pacific Coast fire chiefs.

C. M. Beall has become a partner in the Tolleson-Stirdvant Agency, Los Angeles, retaining only his general agency contract for accident and health with the Inter-Ocean Casualty.

The Washington Surveying & Rating Bureau has released new rates for **Tacoma**. The National Board has changed it from 4th to 3rd class.

MOTOR

"Net Cost" Plan Is Rejected by Auto Association

NEW YORK—By decisive vote members of the National Automobile Underwriters Association, at a well attended special meeting here, rejected the suggested "alternative" comprehensive policy. The proposal was referred back to the originating committee for further study.

The proposed contract was intended primarily for sale to finance companies, but would have been made available to individual assured as well so as not to violate the anti-discriminatory laws. It would have included a \$25 deductible clause, applying to the items of malicious mischief, riot and civil commotion, explosion, falling air craft, etc.

The proposed contract would be written at 25 percent below manual for all coverages, including collision, and would pay local agents 10 percent commission.

Attention to Auto Cover Urged

LOS ANGELES — Approximately \$3,250,000 in automobile premiums is being lost to southern California agents

through automobile dealer-finance company handling of automobile insurance on the sale of new and used cars, L. L. Brown, divisional manager National Automobile Club, declared in a series of talks before agents' associations. Agents are losing this business because they do not give proper attention to the needs of their clients, he pointed out. Of the 87,000 automobiles purchased each year in southern California, owners pay cash in 24,000 cases. Insurance agents figure in the handling of the financing and the insurance on 13,000 more. This leaves 50,000 cars where the insurance is taken care of by the automobile dealer and the finance company.

Statistics for southern California show the average period of time elapsing before an automobile owner trades in or otherwise disposes of his car in order to buy a new one is 40 months. If the agent has 40 automobile policies in force, and contacts these owners quarterly, he will have an opportunity to place insurance on at least one car per month on the average.

CANADIAN

McLean Reviews Provincial and Federal Supervision

WINNIPEG—At a large gathering of Winnipeg insurance men, W. E. McLean, deputy superintendent of insurance and insurance counsel for the province of Manitoba, spoke on "Provincial and Federal Supervision."

Mr. McLean outlined the nature of the control exercised by the Dominion and that exercised by the province in insurance matters and stated that while the impression might be abroad that the government was regulating the business more each year, actually the legislation had the effect of defining more clearly the powers exercised by the Dominion and that exercised by the provinces, and duplication of regulations had been very greatly reduced. This, Mr. McLean felt, could be attributed very largely to the work of the Association of Insurance Superintendents of the Provinces of Canada.

He spoke briefly of probable trends on the business, drawing attention to the broadening and consolidation of covers as exemplified by the personal property floater, for example.

Cover Schools in Tariff Companies

TORONTO—The Toronto board of education has decided to continue insuring school property with tariff companies and not to seek reduction in rates as offered by non-tariff companies. Tariff companies at present carry nearly all the fire insurance on schools.

Urge Fire-Casualty Publicity

TORONTO — Deploring what he termed the appalling ignorance of the public generally on fire and casualty insurance matters and stressing the necessity for a continuity of effort to publicize the services performed by the business as a whole, W. A. Lawrence, publicity specialist, told the Insurance

Institute of Montreal that the fire and casualty insurance companies operating in Canada have made little serious effort to explain to the public the full nature of their manifold services. He praised the life companies for the work they are doing along this line.

pool. There might be an unexplained loss, the British government pool might contend that it was due to a normal peril of the sea and the American underwriters might take the position that it was a war loss. If both the marine insurance and the war risk were with the same underwriters, the loss would be covered regardless.

MARINE

Many U. S. Shippers Now Patronize British Pool

NEW YORK—A good many American shippers are reported to be insuring in the British government war risk insurance pool. The rates are considerably lower and have remained a good deal more constant than the rates in the American market. The British government is not trying to make a profit from its war risk insurance but is more interested in preserving the flow of trade. The American underwriters, on the other hand, make frequent changes to reflect the hazards as they develop. Johnson & Higgins are agents in this country for the British government war risk insurance pool.

Some insurance people doubt the wisdom of American shippers buying war risk insurance from the British government pool. They say that some controversies might develop in the settlement of losses if the regular marine insurance were in the American market and the war risk insurance in the British

Defer Fireman's Fund Resignation Until Feb. 1

At the request of C. R. Page, president of Fireman's Fund, the effective date of the resignation of Fireman's Fund from Inland Marine Underwriters Association has been set ahead until Feb. 1. The resignation was to have taken effect Dec. 31. Mr. Page had intended to go to New York to confer with Harold V. Smith, president of Home, who is president of the I.M.U.A., but he has been unable to make the trip east and hence he desired to have the effective date set ahead so that he might have an opportunity to confer with Mr. Smith.

Scandinavian Rates Are Raised

NEW YORK—An increase of ½ percent in marine war risks rates on exports from or imports to Norway, Denmark and Sweden to or from the United States, West Indies, Central and South America, Canada, Mexico, Gulf and Pacific ports, became effective Dec. 9, both as to vessels of neutral flags and those of belligerent countries.



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1939

Harmony Prevailed with Commissioners in Their Conferences

(CONTINUED FROM PAGE 3)

high tribute to Commissioner Williams, saying that the arrangements for the meeting had been left entirely to him. He has given so good an account of himself that the governor announced that he had been reappointed for another four years. Blackall of Connecticut, always a pleasant and ingratiating speaker, made the response. He tied up the south with a number of insurance company officials of Hartford who came from that region.

Suitable action was taken on the death

of Commissioner J. Balch Moor of the District of Columbia, who was vice-president of the association, and Commissioner G. A. Robertson of Missouri.

Secretary Read announced that 42 states and the District of Columbia were represented and two provinces of Canada.

Three commissioners attending their first meeting were introduced and called to the platform, they being Caminetto, California; Jordan, District of Columbia and Dule of Wisconsin, the latter speak-

ing more at length than the others. Superintendent Georges LaFrance of Quebec, who was host commissioner at the annual meeting in his province in 1938, spoke for Canada. Superintendent McNairn of Ontario was present.

Neslen Tells of His Work

President Neslen in some opening remarks said that he had endeavored to heal the open wound and bring about harmony in the organization. He said that he had had personal contact with some 30 commissioners and, in his opinion, the organization is now firmly united. He told about his visit to the National Fraternal Congress at Detroit. He then went to Montreal to attend the Canadian commissioners meeting and on his return made a trip to the New England states, New York and the south. He attended the California Fraternal Congress and said that he would be present at the Association of Life Insurance Presidents this week in New York City to represent the organization.

There were two set addresses, at the first session, they being by Sidney O. Smith of Gainesville, Ga., president National Association of Insurance Agents and Commissioner Gontrum of Maryland. Mr. Smith had as his subject "The American Agency System" and Commissioner Gontrum paid his respects to insurance advisers, dividing them into three parts, one being so-called counsellors, the second, insurance agents, and next, insurance company officials. Mr. Gontrum paid high tribute to Commissioner Neslen for the constructive work he has done since taking office. This was the first meeting at which there were on the program any outside speakers. Mr. Smith represented his organization and on the following morning C. J. Zimmerman, president National Association of Life Underwriters, spoke. Both made a lasting impression. All recognized their sincerity, their deep seated devotion to the cause and their adherence to state supervision. Mr. Smith said that state sovereignty still lives.

Friday Morning Session

At the Friday morning session there were two more set addresses, one being by Commissioner McCormack of Tennessee, who spoke on real estate appraisals, and C. J. Zimmerman, president National Association of Life Underwriters. Commissioner McCormack stated that he had been assisted by the life companies of Tennessee in getting up his paper, which was an admirable one and will be studied with great profit.

The appraisal subject is one of great importance due to the fact that so many life companies now own real estate, having had to foreclose mortgages. Commissioner McCormack dealt with the subject in a practical way, giving considerable detailed information. There will be demands for copies of his address, not only by the commissioners themselves, but more so by the companies. Mr. Zimmerman, always dynamic, enthusiastic and convincing, received a veritable ovation at the close of his address. He stated that he felt that insurance commissioners should come under the civil service law so that they could be continued in office as men who had gained experience and therefore would not be influenced by the political storms. He remarked on the side that "Of course we would want to freeze the present commissioners in office." At the close of his address President Neslen declared that all would be in favor of his plan for official permanency.

Saturday Morning Session

At this session Commissioner Apodaca of New Mexico was introduced.

Superintendent Lloyd of Ohio reported for the life insurance committee, centering its attention on war risk clauses.

At the Saturday morning session McCormack of Tennessee reported for the

accident and health committee; Julian of Alabama reported for the committee on resolutions paying special tribute to the work of Commissioner Williams, the presence of Governor White and the hospitality of the hotel management headed by Manager D. O. Conwill. He had one off the record resolution, referring to the fact that evidently Commissioner Williams had skimped on the amount of liquor that could be bought in bottle or drink and as a penalty he stated that hereafter John Sharpe Williams, III., would be John Sharp Williams, 3/4ths.

Another resolution referred to the official retirement of Commissioner Knott of Florida, Jan. 1, 1941, after 30 years service. Commissioner Knott is a man of peerless character who has endeared himself to the commissioners. Commissioner Julian referred in feeling terms to Col. Joseph Button, former Virginia commissioner, who served so long as secretary of the organization, and J. V. Barry, former Michigan commissioner, both of whom attend the conventions and are familiarly known as the "Gold Dust twins."

Referred to TNEC Committee

President Neslen received the off-the-record resolution regarding John Sharp Williams, 3/4ths, and said that it would be referred to the TNEC committee with power to act.

Gontrum of Maryland reported on the casualty committee hearing, giving the recommendation of Commissioner Waters of Texas, that the National Council on Compensation Insurance hereafter be empowered to collect the automobile experience as a rate making basis.

Read of Oklahoma, chairman examinations committee, presented its report. Inasmuch as Lloyd of Ohio, chairman of the life committee, had gone home the report was read by Commissioner Read of Oklahoma.

Williams of Mississippi gave the report of the executive committee, saying that little had come before it. He recommended utilizing the zone system, stating that the chairman in each zone should call a meeting of the commissioners in his bailiwick twice a year, between the two meetings, and report suggestions or recommendations to the executive committee chairmen, who, in turn, was instructed to bulletin these to all the commissioners. In this way it was expected that much helpful material would be developed.

Automobile Finance Report

Erickson of North Dakota reported for the unauthorized insurance committee, stating that he would draw up a memo making recommendations which would appear in the copy of the proceedings. Blackall of Connecticut reported for the automobile finance committee, stating there is still considerable discussion among insurance people and the finance companies as to what course should be pursued. He called attention to the growth of the specialty companies and the organization of insurance companies by finance companies. This movement injects into the picture an entirely new element.

President Neslen announced that Bowles of Virginia would be added to the special committee to consider and report on new life mortality table. It was when Mr. Bowles was president that in his report he recommended the appointment of such a committee.

McCormack of Tennessee again paid notable tribute to Commissioner Williams of Mississippi for the magnificent entertainment that had been afforded, the way the convention had been handled and commented on the harmony that prevailed. Commissioner Williams in responding said that it gave genuine joy to the Mississippi people and other southern folks to have the meeting held in the "deep south."

Hartford was chosen as the place for the next annual meeting. When the commissioners arrived at Edgewater Park there was an effort made by the West Virginia department to have the meeting at White Sulphur Springs.

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At meeting of National Association of Insurance Commissioners, Harry H. Fuller, deputy U. S. manager of Zurich, photographer; M. V. Pew, vice-president Farmers Auto Inter-Insurance Exchange, Los Angeles; W. C. Woodward, Texas life commissioner; R. B. Cousins, secretary Texas Fire Prevention committee, and W. A. Sullivan, commissioner of Washington state.

Nashville was seeking the meeting. Lincoln, Neb., also put in a bid. Commissioner Blackall of Connecticut immediately got busy and was able to secure the convention. It will likely be held the last week of June unless the hotel cannot accommodate the meeting at that time because of other commitments. If that date is not suitable it is then proposed to have the week of June 17. While Hartford has lack of hotel facilities in that there is no large structure, ample accommodations, Commissioner Blackall assured the commissioners, can be made at other hotels.

BID FROM FLORIDA

Commissioner W. V. Knott of Florida has extended an invitation to the National Association of Insurance Commissioners to hold its 1940 mid-year meeting in December at the Hollywood Beach Hotel, Hollywood, Fla. All who have stopped at this famous caravansary realize that it is one of the most successfully operated hotels in the country and many are enthusiastic over the prospect of returning there for a convention. It would be particularly fitting, in the opinion of the Florida insurance people and state officials, to hold the next mid-year meeting in their state in view of the fact that Commissioner Knott will retire from office Jan. 1, 1941, after 30 years' service in public life. He is regarded as one of the conscientious, high-minded officials who has not made much noise but has done his work exceedingly well.

Another feature that would add to the proposed convention is the fact that Payne H. Midyette, prominent local agent at Tallahassee, will by that time have become president of the National Association of Insurance Agents, he now being vice-president. Therefore, the Florida Insurance Agents Association would take great pride in acting as local agency host.

Ripples on the Shore of Gulf Mexico

The Western Insurance Commissioners Conference consisting of those in the Pacific Coast and Mountain States had breakfast together Friday morning at the mid-year meeting of the National Association of Insurance Commissioners at Edgewater Park, Miss. Earle of Oregon, the chairman, presided. Neslen of Utah is the secretary. The commissioners took up a number of questions that have a particular interest to their territory.

Calvin Fentress, Jr., vice-president and treasurer Allstate Insurance Company and Allstate Fire, Sears, Roebuck & Co. companies, and Attorney Henry S. Moser of Chicago gave a reception in their suite Friday evening.

Executive Vice-president Otto Patter-

son and Vice-president Carlton Hines of the American Automobile, were at home in their suite before the banquet Thursday evening.

Raymond S. Mauk, vice-president and secretary American General of Houston, former fire insurance commissioner of Texas, attended the convention.

John Ledbetter, assistant manager in the southern department of the Hartford Fire at Atlanta, attended the convention.

C. W. Hall, vice-president Northwest Fire & Marine, ran down to Edgewater Park for the meeting.

Commissioner Williams of Mississippi arranged for the **revenue cutter** to dock at Biloxi and a number of parties were taken out in the Gulf on it.

Vice-president **E. G. Simmonds** of the Pan-American Life had his large motor craft docked at Biloxi and gave a number of parties on board as well as taking some of the conventioners on a ride.

Charles F. Williams, president Western & Southern Life, chartered a yacht and for three or four days prior to the convention went to the mouth of the Mississippi to shoot ducks and geese. Vice-president W. C. Safford accompanied him. The guests were President Crawford H. Ellis, Vice-president E. G. Simmonds, and Vice-president and General Counsel E. G. McGivney of Pan-American Life. Mr. Williams was host to a number of parties on the yacht at its dock in Biloxi.

R. F. Apodaca, new insurance commissioner of New Mexico, arrived the middle of the week and was introduced at the Friday session.

Frank Young, office attorney for the Illinois department, arrived after the session began but the department was represented by Director Palmer and Assistant Director Roy Davis.

Commissioner **Sullivan** of Washington left in the midst of the uniform countersignature law meeting in order to fly to New York.

Morvin Duel, the new Wisconsin commissioner, was cutting his eye teeth at the convention, this being his first appearance. He is a former school man and served as county superintendent of schools. His entire life has been spent at Fond du Lac or nearby. He is a man of educational refinement and left a splendid impression.

Assistant Illinois Director **Roy L. Davis** and Mrs. Davis drove down from their home in Evanston, Ill. Mrs. Davis intends to spend December in the south and Mr. Davis will join her during the Christmas vacation in Florida.

J. A. O. Preus, vice-president W. A. Alexander & Co., well known Chicago agency, was present. Mr. Preus is former Minnesota state auditor, former Minnesota state insurance commissioner and former governor of the state.

R. G. Hitt of Atlanta, manager of the Associated Mutuals, was present. He formerly resided in Chicago where he was manager of the old ice manufacturers mutual.

J. E. Powell of Chattanooga, vice-president Provident Life & Accident, who had spoken before the mid-year meeting of the Arkansas Association of Insurance Agents, arrived at Edgewater Park. He is president of the Health & Accident Underwriters Conference. He was intro-

duced to the conventioners by Harold Gordon of Chicago, executive secretary of the organization.

W. D. O'Gorman of Newark, president National Association of Casualty & Surety Agents, attended the meeting.

Maurice V. Pew, former Iowa commissioner, and now vice-president Farmers Automobile Inter-Insurance Exchange of Los Angeles, shook hands with old friends.

To pay tribute to President Sidney O. Smith of the National Association of Insurance Agents, there were present John W. Robertson, president, and C. M. Seay, manager **Mississippi Association of Insurance Agents**.

There were two former National presidents of the American Legion present, Commissioner John G. Emery of Michigan and Ray Murphy, former Iowa commissioner, and now assistant general manager of the Association of Casualty & Surety Executives in New York City.

The two **Ray Murphys** at the convention got their mail and telephone calls badly jumbled. One was Ray D. Murphy, vice-president Equitable Life of New York, and president of the Actuarial Society of America, and the other was Ray Murphy, former Iowa commissioner and now assistant general manager Association of Casualty & Surety Executives.

President Neslen referred to a letter

that had been received from the head of the Mexico insurance department. Mr. Neslen had extended an invitation to that official to be present. He remarked that he would not read the letter but would have it formally accepted and published in the minutes. Then sheepishly he said, "The entire letter is in Spanish."

L. A. Mack of the "Weekly Underwriter" of New York showed one afternoon moving pictures that he had taken at the previous commissioners convention.

J. H. Johnson of Clarksdale, Miss., well known local agent and former Mississippi commissioner, sent a telegram of greetings.

The **resolutions committee** consisted of Julian of Alabama, chairman; Bowles, Virginia; Palmer, Illinois; Sullivan, Washington, and Boney, North Carolina.

There were present representing the **Ohio Association of Insurance Agents**, General Counsel Paul R. Gingher of Columbus and L. Calvin Jones of Youngstown, immediate past president. The Ohio association has been represented at commissioners' conventions for some years and at times it has been the only state association that has had any one present.

E. M. Griggs of Chicago, assistant general counsel of the National Board, attended the convention inasmuch as General Counsel J. H. Doyle of New York was under the weather.

There were three major entertainment features at the convention, the first being the plantation dinner Wednesday night when the dining room was darkened and the tables lit by candles. All wore large straw hats with bandana handkerchiefs around their necks. A coterie of Negro singers furnished the entertainment. The next was the banquet Thursday evening which was a highly enjoyable function with another group of Negroes singing and dancing. The last function was Friday evening when the barbecue and shrimp and oyster repast was served in the large garage. At 11 o'clock Friday evening there was a floor show furnished by white entertainers.

Department's Work Explained

WORCESTER, MASS. — The work of the Massachusetts department was explained to the Worcester Board at a luncheon for 75 Worcester county agents by E. S. Cogswell, first deputy superintendent.

A. C. Haines has purchased the Will Magee agency, **WILMINGTON, O.** He has offices in the Murphy Building.

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Countersignature Act Causes Heat

(CONTINUED FROM PAGE 4)

must be done by a resident, licensed insurance agent doing business on a strictly commission basis. When he had finished reading the document and called for comment, Manager A. V. Gruhn of the American Mutual Alliance called attention to the fact that there are two methods of doing insurance business, one through commissioned agents and the other through salaried agents. He said that the salaried agent is fully justified in the position he holds if he is a citizen of the state and qualifies under the insurance laws to be in the business. He said that the proposed bill simply adds to the controversy as to whether one system is preferable. There are a number of companies in his organization, he said, that operate through salaried representatives. Some have commission agents and some have both plans. The state is interested, he said, in a contract that makes sure that the policy is written to comply with the laws of the state in which the property is located and further that the state secures the proper tax. Mr. Gruhn said that he would not object to the bill if companies operating through salaried employees were exempted from the act, or if mutual companies as a whole were exempted. Commissioner Harrington stated that his department had received from mutual agents requests that the countersigning be done by commission agents.

Cronin Fires a Bomb

Vice-president and General Counsel J. W. Cronin of the Liberty Mutual stated that his company operated exclusively as a direct writer. Immediately he threw a hand grenade when he stated that bills of this type are fostered by the organized agency groups to freeze out direct writing practices of companies operating through salaried salesmen. He stated that these organized agents' supposed mo-

tives of uniformity were very remote. What they wanted to do, Mr. Cronin said, is to secure a monopoly of countersigning and levy a tribute, as he put it, on insurance buyers. He declared that the proposed act was a mere subterfuge to cloud the purpose behind the movement. At this juncture, Commissioner Harrington told Mr. Cronin that he was accusing the committee of subterfuge and being a cat's paw. Mr. Cronin stated that he had not reflected on the committee but that he was condemning the organized groups of agents referring to the National Association of Insurance Agents and the state associations, no doubt. While he did not openly admit it, those listening felt that he practically charged that the National Association of Insurance Agents attempted to dictate the context of the proposed act.

Vitriolic in Speech

Mr. Cronin said that the organized agency groups are active in politics and they are attempting to force all countersigning traffic in the hands of commission men and attempting to drive all acts of this kind into their corral. He was very sarcastic and somewhat vitriolic in his castigation. He declared that it was within the province of companies as they saw fit to operate either on a commission basis, salaried representatives or as direct writers.

The upshot of it was that Commissioner Harrington asked Mr. Gruhn and Mr. Cronin and anyone else to file briefs, giving their views. He said that the bill had been worked out to the best ability of the committee, merely as something that could be used for discussion.

The proposed bill as read by Commissioner Harrington is as follows:

"An act relating to insurance, to provide for the placing of insurance through, and the countersignature of

contracts of insurance and suretyship of foreign and alien insurers by licensed resident commissioned agents; to provide for the payment of commissions on such insurance to local resident commissioned agents; to provide for the licensing of non-resident brokers, and to provide penalties for the violation of any of the provisions hereunder.

"Be it enacted, etc. The insurance law of this state is hereby amended by incorporating therein the following four new sections:

"Section 1. Insurance through resident agents: When required.

"1. Except as provided in subsection 2, no licensed foreign or alien insurer licensed to do business in this state shall issue, deliver or otherwise effectuate any contract of insurance or suretyship covering either persons resident in this state or property situated in this state, or covering any risk incident to the performance or non-performance of any contract or obligation to be performed in this state, or covering any risk incident to any obligation or duty which is governed by the laws of this state though actually to be performed elsewhere, unless such contract is issued or effectuated through, or countersigned by, a resident licensed insurance agent of this state doing business on a strictly commission basis. Within the meaning of this section, a licensed individual insurance agent shall be deemed to be resident in this state if he has his domicile or his principal place of business in this state, and a licensed corporation insurance agent shall be deemed to be a resident of this state if it maintains a lawfully established place of business in this state. Such resident licensed insurance agent shall keep a record of each insurance transaction in his office which shall contain the usual and customary information concerning the risk undertaken, including the full premium paid, or to be paid therefor, to the end that the state may receive the tax required by law to be paid on premiums collected on insurance contract in this state.

Some Insurance Classes Exempted

"2. The provisions of this section shall not apply to contracts of insurance of the following kinds:

"(a) Any contract of life insurance, or annuity contract, or any supplemental contract of insurance against accidental death or permanent and total disability made in connection therewith.

"(b) Any contract of insurance covering the rolling stock of any railroad or covering any vessel, aircraft, or motor carrier used in interstate or foreign commerce, or covering any liability or other risks incident to the ownership, maintenance or operation thereof.

"(c) Any contract of insurance covering any property in transit through this state in interstate or foreign commerce, or any liability or risk incident thereto.

"(d) Any contract of reinsurance between any insurance companies or other insurers.

Commission Provision

"Section 2. Commission payable to resident agent.

"The resident agent countersigning any such contract covering, wholly or in part, any risk or risks to which Section 1 applies shall receive from the insurer as compensation that portion specified below of the first premium paid to the insurer for covering the risk or risks to which said Section 1 applies and shall refund to the insurer the same portion of any return of such premium allowed by the insurer;

"(a) Where the business is procured or controlled by the non-resident agent or broker licensed as such in this state, as provided in Section 3 thereof and is countersigned by a resident agent, the compensation of the resident agent for countersignature and any other service required of the countersigning agent shall be the subject of contract between the non-resident agent or broker and the resident countersigning agent.

"(b) A brokerage commission payable by the insurance carrier on such premium, if the contract is procured outside of this state by the insurance car-

rier directly, without intervention of a licensed commissioned agent or broker.

"Section 3—Non-resident broker's license.

"Any non-resident, duly licensed in his home state as an insurance agent or broker and compensated solely by commission on premiums, and who does not maintain an insurance office in this state, may apply on forms furnished by, and may be licensed by, the commissioner of insurance, as a non-resident broker upon payment in advance of an annual license fee of \$10. The applicant shall not be required to pass an examination in order to qualify for such a license, if the commissioner is satisfied as to his competency. Each non-resident broker's license shall expire one year following its issuance, subject to prior termination upon the holder ceasing to be a licensed agent or broker in his home state; and any such license may be revoked by the commissioner in the manner by law in the case of a resident agent, insofar as such law may be applied to non-residents. Application for renewal of any such license shall be made to the commissioner at least 60 days prior to the expiration of the current license.

Penalty for Violation

"Section 4. Penalty for violation of Section 1.

"Whenever the commissioner shall receive notice or information of any violation of any of the provisions of Section 1, he shall immediately investigate, or cause to be investigated, such violation, and shall, upon at least 30 days' notice to the alleged violator, conduct a hearing thereon. If he shall, on such hearing, determine that any foreign or alien insurer or any licensed resident agent or non-resident broker is guilty of any such violation, he shall immediately assess a fine of not less than \$25 nor more than \$100, for each offense. The determination of any such violation by the commissioner shall be subject to review by the courts of this state. The amount of any fine imposed shall be collected by the commissioner and paid into the general fund of the state.

Other Provisions

"Section 5. The four sections newly incorporated in the insurance law by this act shall supersede any provisions of the insurance law, or any other law, of this state, previously enacted and relating in whole or in part to the same subject matter or in conflict with the provisions of this act, and any such previously enacted provisions are hereby repealed.

"Section 6. If any clause, sentence, paragraph or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, any such judgment shall not affect, impair or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph or part of this act directly involved in the controversy in which this judgment has been rendered."

Attorney Henson Heard

Attorney C. L. Henson of the Missouri Department in commenting on the proposed bill declared that in his opinion it would be held unconstitutional because of the penalties imposed. He said that this placed the commissioners in a judicial as well as an administrative category. This he said meant an overlapping of two separate and distinct classes of governmental functions. Chairman Harrington told him that in Massachusetts such a procedure was followed and was not unconstitutional.

Holmes of Montana made an attempt on two different occasions to adjourn the hearing while it was in progress but got no second to his motion. Sullivan of Washington stated that the committee should not take any action until an opportunity be given to all hands to be heard. He said that there should be sufficient notice as the matter was very important and evidently there was a decided difference of opinion among insurance people. He left the hearing in order to go to New Orleans to take a plane for New York.

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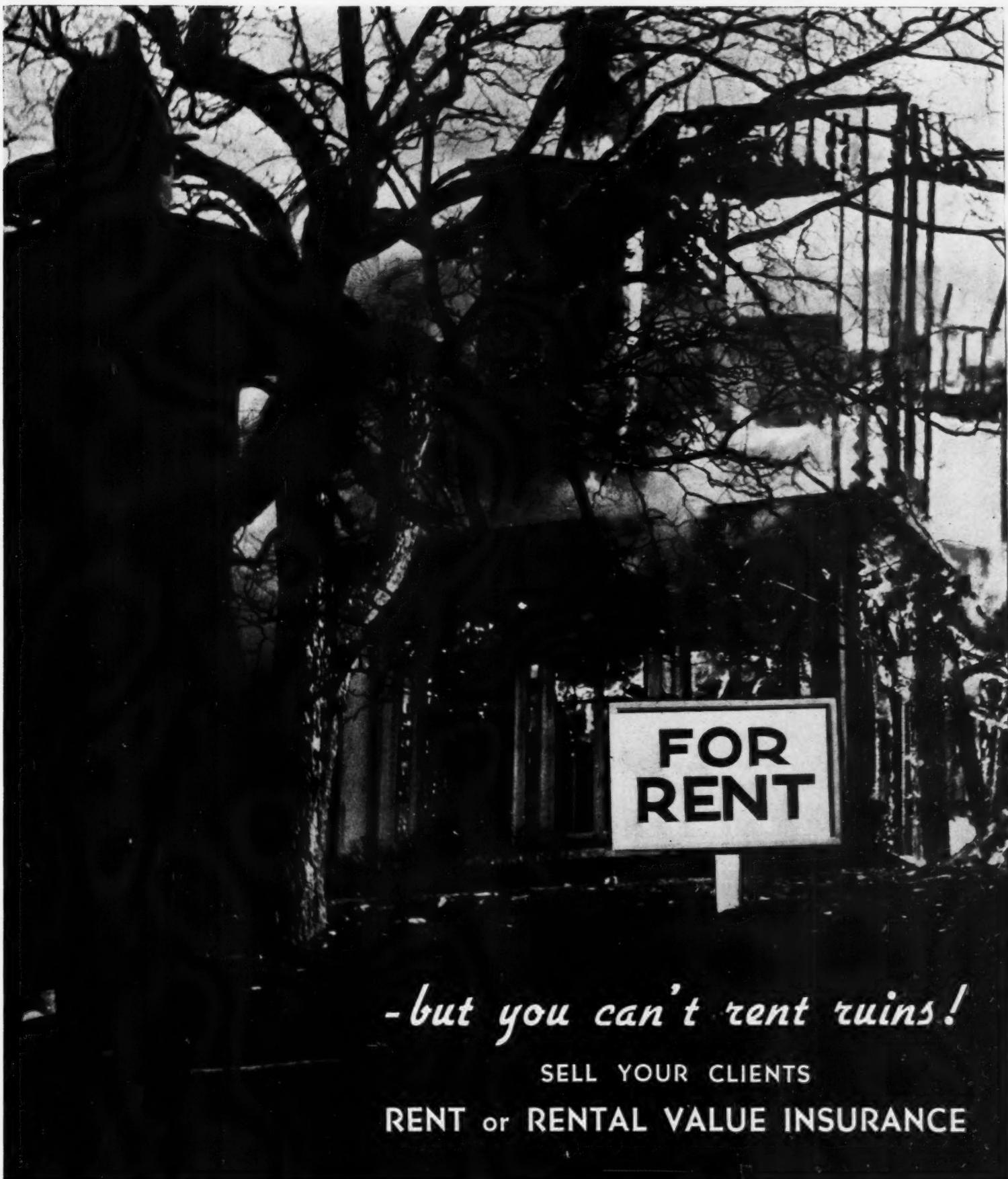
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